No. 30,523

Tuesday April 26 1988

World News

US Supreme Exxon and Court to reconsider sharp rise in earnings race ruling

The US Supreme Court said it would reconsider its 12-year-old ruling that prohibits racial discrimination by private employ-

The court had been evenly divided between liberal and conservative factions on civil rights issues. Justice Anthony Kennedy. who joined the bench earlier this year, provided the key lifth vote to reconsider the 1975 decision. onsider the 1976 decision.

Polish strikers

win pay rise

Bus and tram drivers in the Polish city of Bydgoszcz halted pub-lic transport for more than 12 hours in the first strike led by Poland's official trade unions -and ended the strike when authorities granted them a 63 per cent pay rise. Page 3

Arafat meets Assad

PLO chairman Yassir Arafat and President Hafez al-Assad of Syria met for the first time in five years since a personal feud led to Syrian attempts to end Arafat's leadership of the guerrilla organi-sation. Page 24

Lufthansa-Aeroflot deal

West German airline Lufthansa will operate three flights a week from Frankfurt to Tokyo across Siberia starting on July 1 under an agreement with the Soviet airline Aeroflot. Aeroflot will fly from Frankfurt to Tokyo twice a

Sealink to be charged

UK Government has ordered court action against Sealink, cross-Channel ferry operator, and the Master of the ferry Horsa over allegations that it set sail from Boulogne on November 1 last year with 160 too many pas-

Soviet nuclear move Soviet Government has formed a

new organisation, Spetsatom, to deartivate ageing nuclear power reactors and tackle emergencies such as the Chernobyl accident. Economic fallout, Page 24

Radiation compensation

US Senate approved a bill grantits first year to around 250,000 FF15.6850. It closed in London at American military veterans DM1.6775 (DM1.6715): Y124.80 exposed to radiation during the (Y124.65); SFr1.3885 (SFr1.3825); 1945 and in post-war nuclear 35

Nicaragua a 'threat' President Reagan extended the

US trade embargo on Nicaragua for a fourth year, declaring the Central American country a con tinued threat to US national secu-

Duvalier suit approved

A French court ruled that Hairi Claude Duvalier in France for \$120m the Caribbean island's new Government alleged he stole.

Salvador ambush

Seventeen government soldiers were killed and five wounded when left-wing guerrillas detonated a landmine under their lorry in La Paz province, El Sal-

Nigerian clampdown

Nigeria's military Government banned all demonstrations and arrested suspected rangicaders in an attempt to curb growing protests against increased fuel prices. Page 4

Danish train crash

Eight people were killed and 70 was derailed in castern Denmark.

iceland isolated

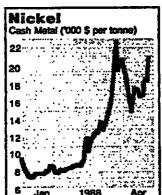
Mobil report

Business Summary

exxon and mobil, leading US oil groups, reported a surge in first-quarter earnings, with Exxon up 36 per cent at \$1.45bn, and Mobil up about 100 per cent at \$505m. The sharp increase was attributed to a fall in the price of attributed to a fall in the price of crude oil which led to windfall profits on products and chemi-cals refined from crude. Page 25

FARMERS GROUP, US insurer, has abandoned the idea of mounting a leveraged buy-out as a way of fending off the \$4.5bn hostile bid from BAT Industries, British tobacco-based multinational.

NICKEL prices rose again on the London Metal Exchange, with cash metal reflecting the tight-



ness of nearby supplies and surg-ing by \$2,450 a tonne to close at \$20,900 a tonne, or \$9.48 a lb.

TOKYO: Strong demand for elec-tricals and high-technology stocks took the Nikkei average to a record high, its first move to a new peak for eight trading ses-sions. The Nikkei average rose 155.06 to 27,213.45. Page 46

WALL STREET: The Dow Jones industrial average closed up 21.05 at 2036.14. Page 46

yesterday the lower already buoyed by takeover hopes, moved up by 13p to 368p, economically and purely while Enterprise advanced by 15p to 380p. RTZ's share price improved by 13p to 380p.

Both RTZ and Elf professed to be pleased with their deal. Mr Derek Birkin, RTZ's chief executions of oll equivalent this year. LONDON: Special situations provided the only feature in a market awaiting UK business and trade data. RTZ ended 4p easier at 378p after the sale of its oil and gas subsidiary had assets worth 598.1m and the pursased that his group was not prepared to pay any price for new pared to pay any price for new at 1,777.6. Page 42

DOLLAR closed in New York at DM1.6750; Y124.70; SFr1.3865; US nuclear attacks on Japan in and FFr5.6950 (FFr5.6750). Page

STERLING closed in New York at \$1.8715. It closed in London at \$1.8750 (\$1.89); DM3.15 (DM3.16); \$11.30n-\$13.20n European Fighter Y234 (Y235.50); SFr2.6025 (SFr2.6125); and FFr10.6775 lowing an announcement by Britain and decisions in principle West Corman, Italian and

BRIDGESTONE, big Japanese tyre maker trying to expand in the US through the \$2.6bn acquithree partners are likely within sition of Firestone, suffered a set-weeks, if not days. One sugges-back with General Motors' deci-tion is that formal announcesion to drop Firestone as a North ments may come at the Hanover

American supplier. Page 25 MARTINI & ROSSI, international drinks group, filed for regulatory approval to raise its tender offer for Benedictine, French liqueur the project, which is intended to the project, which is intended to

for Benedictine, French ages and the project, which is include a group, to FF77.700 (31,360) a provide a combat and ground share from FF76.500. Page 27 attack aircraft for Nato in the companies of the companies of the project, which is include 250 attack aircraft for Nato in the companies of th J.P. STEVENS, leading US tex-tiles maker, agreed to a takeover offer from West Point-Pepperell. one of its toughest competitors.

ARMAND HAMMER, Occidental Petroleum chief, signed two cooperation contracts with Chinese corporations, despite continuing problems with his largest China project, a \$750m joint-venture coal mine in the northern province of Shanxi, Page 9

CHEMICAL BANK, fourth-largest US banking group, said it was transferring the foreign exchange and money market activities curreatly carned out at its Zurich branch to Geneva. Page 29

Icelandic clerical workers said CORPORATE BANK GROUP, forthey would stop all international mer South African associate of flights to and from Iceland from Hill Samuel, more than doubled

Mitterrand steps up attack against Chirac

PRESIDENT François Mitter-rand, who emerged firm favourite in the first round of voting in the French presidential elections on Sunday, yesterday went on the attack against his closest rival and challenger in the second round run-off, Prime Minister Jacques Chirac, by calling on the Constitutional Council to annul the vote in the French Pacific territory of New Caledonia. territory of New Caledonia. Mr Mitterrand based his

demand on the fact that voting could not take place normally in New Caledonia because of the violence which erupted last Friday, and which included the deaths of four French gendames. Violent clashes between activists of the Melanesian independence movement and French gen-darmes continued yesterday and included the death of a Melaneian girl. Of the territory's 139 voting

bureaux, 38 were unable to open on Sunday because of the distur-bances. Effective turnout fell to

Marine Oil Company (Lasmo), oil. Currently worth about £170m.

Lasmo in turn owns 25 per cent add of Enterprise Oil, the UK's biggest independent oil company.

On the London Stock Exchange

FRENCH PRESIDENTIAL ELECTION First round results

34.04 19.39 16.56

Registered 27,700,634; voted 30,627,316; valid beliete 30,200,631; harmont \$2,62 per cool.

torate of nearly 89,000, partly because of the disturbances but mainly because of a hoycott by the Melanesian party, the Kanak Mr Mitterrand's score of slightly more than 34 per cent on

RTZ quits oil and gas

sector with sale to Elf

The assets also included an additional 50m barrels of known

but undeveloped reserves and a further 50m barrels of potential

Bonn, Rome and Madrid set to

follow UK's Eurofighter pledge

in the four air forces, for air-to-air combat and ground

The airframe development will

be handled by a specially formed

Aerospace, Aeritalia of Italy and

ment would be £1.7bn (\$3.2bn). international consortia
The Eurofighter is a multi-role the systems contracts.

venture, designed to replace age-ing Jaguar and Phantom aircraft. components for all the Eurofigh-and also some Tornado fighters. ters, but each will have its own

BY PAUL BETTS IN PARIS AND KENNETH GOODING IN LONDON

RTZ CORPORATION, the UK- of \$16m of debt.
based natural resources and The subsidiary, which has

related industries group, yesterrelated industries group, yesterinterests in 31 licences on the UK
day signalled its intention to quit
Continental Shelf, contributed
the oil and gas business by selling its subsidiary RTZ oil and
Gas to Elf Aquitaine, the state-

owned French company, for of Elf, said his group was paying 1308m (\$578m).

The deal suggests that RTZ RTZ's oil and gas interests and will also sell its 29 per cent share-holding in the London & Scottish reserves of which one third was

On the London Stock Exchange but not proven reserves. yesterday the Lasmo price, already buoyed by takeover hopes, moved up by 13p to 368p, while Enterprise advanced by 15p ble regions to offset the decline of

to the decisive second-round run-off on May 8, with President Mit-terrand the clear favourite to secure re-election to a second term at the Elysee Palace.

term at the Elysee Palace.

Mr Chitac's neo Gaullist EPR perty was gearing up yesterday for a renewed attempt to mobilise France's right-wing voters in the next two weeks, although he still faces the dilemma of so far refusing to deal with Mr Jean-Marie Le Pen, leader of the extreme right-wing National Front party, who gained a surprising 14.39 per cent of the vote.

There was no disguising the

had indicated. The impact of Mr Le Pen's

Sunday placed him more than 14
points ahead of Mr Chirac,
according to official figures published by the Interior Ministry
yesterday.

The impact of Mr Leris breakthrough was encapsulated
in two newspaper headlines yesenday. Liberation called it The
Right Broken; and Le Monde
yesterday.

Mr Le Pen has moved into a

• Le Pen marshals the ranks of the disgrantled, Page 2

 Chirac on the ropes, Page 22 A time for damage

Cent of the wors.

There was no disguising the double shock of a score for Mr Chirac which, at 19.95 per cent was much smaller than expected,

pivotal position on the French political checker-board, and he will certainly seek to make maxi-

control, Page 22

mum capital out of his new-found prominence. He has said that he would not issue advice to his followers on voting policy in the second round until next Sunday, which is Labour Day and the feast of St Joan of Arc.

Mr Chirac's share of the vote narrowly enabled him to stay in second place ahead of Mr Ray-

mend Barre, former prime minis-ter and standard-bearer of the centre-right UDF umbrella grouping, who scored 16.49 per cent.

But the extent of Mr Chirac's But the extent of Mr Chirac's relative failure could be measured in comparison with recent opinion polls, predicting 23-24 per cent. Moreover, in the 30-year history of the Fifth Republic, no presidential candidate has ever qualified for the second-round runoff with such a low score in the first.

the first. • Yesterday, Mr Charles Pasqua, neo-Gaullist Minister of the Inte-rior and main campaign manager for Mr Chirac, told a meeting of the Government that the left was in the minority in France and

US warns Danes

on arms accord

assets and that is why it had abandoned its recent hostile hid for Tricentrol, the UK oil independent which was sold to Atlantic Richfield of the US for \$187m.

Elf approached RTZ after the Tri.

The US assured its European allies yesterday that it would continue its efforts, beyond the forthcoming Moscow summit, to get a strategic arms control accord with the Soviet Union.

However, Mr George Shultz-

for Tricentrol, the UK oil independent which was sold to Atlanfit Richfield of the US for £187m.
Elf approached RTZ after the Tricentrol deal fell through.

RTZ's Mr Birkin pointed out
that his group had completed a
i fundamental strategic review and
decided it would either have to
become a much bigger player in
the oil and gas business or quit.
It would have cost about £15m
in acquisitions to move RTZ
"from the bottom of the seconddivision oil companies to the top
of the second division" and then
his group would have faced continuing heavy capital expenditure.
Analysts see yesterday's deal
as further acceleration of RTZ's
drive to focus more narrowly on
natural resources, particularly
hard-rock mining and related
industries.

Elf approached RTZ after the Trithe week a strategic arins control
accord with the Soviet Union.
However, Mr George Shultz,
the US Secretary of State, warned
that these efforts could be undermined by allies like Denmark
splintering Western unity on
micker weapons policy.

Mr Shultz, briefing Nato allies
here on Moscow talks last week,
admitted it would now be
"extremely difficult" to get a
fully fledged treaty halving US
and Soviet long-range missiles
ready for signature in time for
the summit in early June
between President Ronald Reagam and Mr Mikhail Gorbachev,
the Soviet leader.

But the US would go on striving for a 50 per cent cut in superpower strategic weight the Augustic State,
warned
that these efforts could be undermined by allies like Denmark
splintering Western unity on
micker weapons policy.

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But the US could be undermined by allies like Denmark
splintering Western unity on
micker weapons policy.

Mr Shultz, briefing Nato allies
splinter

supported this goal, he said. The sale will reduce RTZ's debt-equity ratio from 26-74 to 14-88, but that did not herald a

supported this goal, he said.

However, he warned bluntly
that progress in East-West negotizations could be jeopardised by
moves like the recent resolution by the Danish parliament requir-ing allied ships calling at Danish ports to state explicitly whether they carried any nuclear weap-ons. The Danish Government has called an election to try to reverse the decision, which would make US or UK reinforce-

ment of Denmark difficult.
Mr Shultz, speaking at a press
conference after a meeting with Mr Uffe Ellemann-Jeusen, the Danish Foreign Minister, said:
"An alliance entails responsiblities, and it is up to all of us to Continued on Page 24.

measure up as best we can to



George Shultz briefing

those responsibilities." He added: "If you like the benefits (of the alliance) - peace, the fact that progress in negotiations is being made - then you ought to take the responsibilities. Endorsing Mr Shultz's concern.

Mr Ellemann Jensen said he told him that the outgoing Danish Government hoped to get "a clear message from our voters that they wish to remain full members of the alliance." The latest opinion polls showed support for Nato running at 70 per cent, "as

Continued on Page 24

Demjanjuk given death sentence in Israeli war crimes trial

Second look at the

Jimmy Carter record. Page 23

By Andrew Whitey in Jerusalem

AN ISRAELI court yesterday passed the death sentence on Mr John Demjanjuk, a Nazi war criminal who had been extradited from the US.

The Ukrainian-born defendant, a former US car industry worker, had been convicted last week after a 14-month trial of being the sadistic

death-camp guard nicknamed "Ivan the Terrible." The defence is to lodge an immediate appeal against the verdict to the Israeli Supreme

verdict to the Israeli Supreme Court.

A death sentence has only once before been carried out by Israel in its 40-year history when Adolf Richmann was hanged in 1962 for his leading role in Nazi Germany's extermination of 6 million Jews.

Mr Demjanjuk, 68, who has insisted throughout that he is a victim of mistaken identity, made a final dramatic plea to made a final, dramatic plea to the court. "I do not deserve this," he protested in Ukrai-nian. "I am impocent, innocent, innocent, and God is my wit-ness."

However, after three-and-ahalf hours of deliberations the three judges had no doubt about their sentence – just as they had no doubts a week ear-lier as to Mr Demjanjuk's

He was said to have been personally responsible for the deaths of thousands of the 870,000 Jewish victims of the Treblinka Camp

"The blood of the victims cries out to us," said Judge Dov Levin, President of the bench, as he passed sentence. The court ruled that Mr Denjanjuk had been "no small cog" in the Kazi machine, but "se chief henomen"

"a chief hangman."

As the sentence was announced the packed court-room broke into applause and singing, reflecting the obses-sive interest which the trial had aroused throughout Israel. Earlier, as Mr John Gill, the American chief defence counsel, argued that the judges should not apply the death penalty for fear of a miscarriage of justice a loud hiss ran round the converted theatre. If the appeal is quashed Mr Demjanjuk will almost cer-tainly be hanged. Presidential clemency is subject to a recom-mendation of the Justice Minister and Mr Avraham Sharir,

member conscious of the forth-

coming general election – is thought unlikely to support

aircraft for the Royal Air Force to replace Phantoms and Jaguars and to complement the Tornado' F3 air defence aircraft. He said equipment companies in the four many also has a 33 per cent share countries have also either in the venture, Italy 21 per cent already formed, or are forming, and Spain 13 per cent. Panama seeks to reopen banks

BY DAVID GARDNER IN PANAMA CITY

ONE OF the first tasks of Pana-

by the West German, Italian and Spanish Governments to take

Final decisions from the other

Mr George Younger, the Brit-

ish Defence Secretary, yesterday made the long awaited confirma-

Air Show next week.

Mr Gustavo Gonzalez, the new Planning Minister, is in Brazil for they would stop all international mor South African associate of flights to and from localized from the second time in 10 days as part of an effort to persuade tomorrow in an escalation of a its disclosed net profit in the year pay strike which began last Finday.

The mining similar, in 10 days as part of an effort to persuade tomorrow in an escalation of a its disclosed net profit in the year pay strike which began last Finday.

The mining similar is in 10 days as part of an effort to persuade with BNP, were barely \$30m, and the US strategy to oust military set up a clearing system to enable banks to start business.

Noting all international mor South African associate of the second time in 10 days as part of an effort to persuade with BNP, were barely \$30m, and the US strategy to oust military leader General Manuel Antonio Noting by throttling Panama

ONE OF the first tasks of Panama's left-of-centre cabinet, unveiled on Sunday night, will be to arrange the reopening of the banking system, closed since march 4, according to Mr Orville Goodin, the new Finance Minister.

Mr Gustavo Gonzalez, the new Could not act as central clearer.

At the time the Government's again.
The 125 banks of Panama's
International Finance Centre
closed at the beginning of the
crisis when the Banco Nacional

At the time the Government's

with financial and economic sanctions quickly turned the country into a near cashless soci-

spate of takeovers by RTZ, Mr Birkin insisted.

international consortia to bid for

Each country will build major

ety.

Though private individuals and companies have been importing cash, mainly from Costa Rica and the US, government cashflow has dried to a trickle and banks fear that if they re-open they will face both a run on deposits and the prospect of being stuck with worthless cheques from the state

CONTENTS-Companies . Editorial comment. America ... Companies ... Overscas Companies Intl. Capital Markets World Trade Britain 30-33 Companies -43.44

World lades .



GM SHIFTS GEAR IN ITS RACE WITH THE <u>Japanese</u>

Company chairman Roger Smith has given up wishful thinking in public, Page 25

Fishing dispute: France faces a "Falklands" in the North Atlantic ______ Commercial law: Conspiracy claim can

Technology: Why the future of US chipmake Management: Profiting from some lesson learned

French presidential election: A time for damage control . Editorial comment: The cap needs replacing Chirac on the ropes .

Lombard: P & O Ferries - the threat of the Lex: RTZ; Markets; BAT/Farmers; Beazer/Kop-

final assembly line, fed by the parts from the other countries. Full go-ahead from all four pations will ensure that the Eurofighter fills the gap in their company, Eurofighter based in Munich, set up by Messer-schmitt-Bölkow-Blohm, British production of the Tornado schmitt-Bölkow-Blohm, British Aerospace, Aeritalia of Italy and Casa of Spain. The engine, the EJ-200, will be built by another consortium, Eurojet Turbo, also based in Munich and comprising Fiat Aviazione of Italy, Rolls-Royce, Motoren-und-Turbinen Union of West Germany and Sener of Spain. Many major electronics and equipment companies in the four many also has a 33 per cent share of the work. West Germany also has a 33 per cent share of the work. West Germany also has a 33 per cent share of the work. The No.1 choice.

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Bonn poised to choose new defence minister

BY DAVID MARSH IN BONN

A NEW WEST GERMAN Defence Minister will be named this week, possibly as early as today, amid a row over a leaked document from a senior army staff officer severely criticising cuts in the country's military spending and

Mr Helmut Kohl, the Chancelformally the succeshalf years, who is due to bow out of the Government on May 19 a crisis". As a result, the armed and will take up his new post as forces would emerge "definitely Nato secretary general on July 1.

It has been widely predicted that the job will go to Mr Rupert Scholz, 50, the Christian Demo-Scholz, 50, the Christian Demo-crat Senator for Justice and Fed-ness, will lead to a sharp decline eral Affairs in the Berlin city

likely to be challenging. Mr obligations.

Woerner has regularly comThe moves were forced above Woerner has regularly com-plained in the past few months

Although ministers refrain from spelling this out, the Gov-ernment is clearly giving defence a lower political priority in the light of the superpowers' disar-mament moves and the more positive public image displayed by the Soviet Union.

UK urges

action on

hijacking

The problems facing the Bun-deswehr were thrown sharply into focus by a leaked letter fro Brigadier Johann Adolf von Kiel-mansegg, a departmental chief in the Bonn Army Staff, which was broadcast on a TV programme on

Sunday evening. In remarks which are likely lor, is due to hold last-minute echo closely the private belief of political discussions before many serving officers, he said a new slimmer army structure for sor to Mr Manfred Woerner, the 1990s unveiled by Mr Woer-Defence Minister for five and a ner in February corresponded "in no way to strategic necessities in forces would emerge "definitely weaker", the brigadier said.

rai Affairs in the Berlin city in the strength of some of the 42 brigades maintained by the Federal Republic as part of its Nato

plained in the past few months all by a projected fall in the num-about the impact of the overall ber of young men available for Bonn budgetary squeeze on conscription during the 1990s as a result of the falling West German

Brigadier von Kielmansegg criticised the moves as leading to inflexibility in defence planning. He claimed that "capability to absorb the first shot from the opponent and to capture the initiative will fall drastically." He also took issue with Mr

Mr Woerner has claimed that woerner's attempts to put a pub-armed forces expenditure, now lic relations gloss on the changes, about DM 52bn annually and shrinking in real terms, needs to be topped up by between DM tive effects by presenting the next four years.

He also took issue with mr armore would be Defence on the changes, attempted to cover up the negative effects by presenting the next four years.

Finns aim for Council of Europe

By David Suchan in Luxembourg

THE UK yesterday presented a five-point plan for tougher action against hijacking to its European Community partners, in advance of a key international civil avia-tion meeting in Montreal today. Sir Geoffrey Howe, the UK Foreign Secretary, persuaded his fel-low EC Foreign Ministers to agree to let a special EC working group on counter-terrorism examne the plan in the next month. The UK plan is also to be presented to today's meeting in Canada of the International Civil Aviation Organisation (ICAO).

the 12 EC states.

The plan calls for an international study of hijsching, the placing of an expert group on hijack-ing on permanent standby to advise governments at the centre of a hijacking incident, tightening of existing airport security guidelines, amendment of the 1970 Hague hijacking convention to stop governments letting hijacked aircraft take off and encouragement to more countries to sign that convention.

for wider action than simply by

Sir Geoffrey said the permanent standing body of experts
would play an advisory role.
The UK was not pressing at
this stage for any sanctions to be
taken against the authorities in Algiers or Cyprus who were at the centre of the recent Kuwsiti airliner hijacking but he said there were "quite a lot of unan-swered questions" to ask those

THE FINITSH Government is to apply for membership of the Council of Europe, in the latest indication of its desire for closer relations with Western

Virtually all non-Commun states in Europe belong to the Council, whose 21 members meet in Strasbourg for discus-sions on social and cultural

One reasons why Helsinki had hitherto declined to join is that the Council criticised human rights violations in Eastern Europe. However, its path to membership has been eased by the recent improvement in relations between the Council and the Soviet bloc. East European countries such as Yugoslavia, Poland, Hungary and the Soviet Union

itself have had contacts with the organisation. Mr Kalevi Sorsa, the Finnish Foreign Minister, is expected to go to Strasbourg shortly to open negotiations. Mr Marce-lino Oreja of Spain, the Council's general secretary, has been invited to visit Finland. Helsinki already enjoys observer status at the Council. The process of gaining full membership may take months or even years as Finland will

have to modify a number of laws in order to adapt to the Council's standards.
Current Finnish laws on detention and questioning, and on the rights of foreign citizens, are harsher than Council

Moscow plan to

freeze fleets level

THE Soviet Union vesterday took US sixth fleet made up the main a new step in its initiative to element in the force, carrying freeze the level of US and Soviet about 1,000 nuclear warheads, naval forces in the Mediterra and up to 75 per cent of the carrinean, cailing for a ceiling of 15 er-based strike aircraft.

The Soviet naval commander, the soviet naval commander, the soviet naval commander.

fleet multi-purpose aircraft carri- missiles. ers, and nuclear-armed submarines as the "most destabilising had a Mediterranean force of 12 systems" currently in the region. to 15 combat ships and 10 to 12 with the Soviet news agency Tass armed submarines, he said. "One is a clear development of the pro-posal announced by Mr Mikhail a limited number of Soviet ships Gorbachev, the Soviet leader, in in that region is a forced measure Beigrade last March, calling for a in response to the permanent plan to reduce tension and presence of the US sixth fleet," ensure the safety of shipping in he added. the Mediterranean. It fits in with the Soviet strategy of pinpointing posal received a cool response all the areas of clear western military advantage, to balance allies, and the elaboration seems

ing nuclear submarines, and "once the USSR and the United nuclear armed aircraft carriers, States have reached their freeze He told the news agency that the agreement.

ther side. who is also deputy Defence Min-The proposal was spelt out by ister, said the US normally main-Admiral Vladimir Chernavin, tained some 15 to 20 warships in commander-in-chief of the Soviet the Mediterranean, and 10 escort navy, who went further in calling ships, besides "as a rule" three for the withdrawal of US sixth submarines armed with ballistic

In contrast, the Soviet Union The naval chief's interview escort ships, with no nuclear-

Mr Gorbachev's original proagainst its own superiority in likely to be another shot in the land-based conventional weapons pre-summit propaganda war.
Admiral Chernavin added that Admiral Chernavin said there it was important other non-Mediwas currently a large Nato naval terranean nations did not force in the Mediterranean, con-increase their fleets or improve sisting of some 550 ships, includ- their infrastructure in the region

Kanak girl shot dead as violence continues in South Pacific

PRESIDENT François Mitter-rand's call yesterday for the elections in New Caledonia to be declared null and void fol-

be declared unit and vom for-lowed a fourth successive day of violence in the French South Pacific territory.

A teenage Melanesian Kanak girl was shot dead, apparently by a stray bullet, in an exchange of fire between Kanak sengratists and French Kanak separatists and French armed forces near the east coast town of Canala.

She was the first Melanesian to die since the current wave

BY CHRIS SHERWELL IN SYDNEY

of violence broke out and the cident brought the official death tell to five.

The violence, the worst since racial clashes rocked the country in 1984 and 1985, began on Friday when a band of Kanaks killed four French gendarmes and abducted 26 others on the outer island of Ouvéa. Yesterday Mr Bernard Pons.

the French Minister for Over-seas Territories, arrived in the capital Noumen to news that 11 of the hostages had been released. Last night the search was continuing for the remain-

At a press conference. Mr Pons warned Kanake that Paris would not deal with those responsible for what he called terrorist actions. But he did not appear to rale out talking with leaders of the pro-independence Kanak National Liberation Front

For its part the FLNKS: seemed less likely to want to negotiate with Mr Pous, who is responsible for the new statute under which Sunday's local elections took place.
The FLNKS campaigned

strongly for a boycott of the elections, just as it did for the referendum on the territory's future organised by Paris last On Sunday more than a quarter of the polling stations did not even open. Where vot-ing did occur, it was easily in favour of the local party linked with Prime Minister Jacques Chirac in France.
The circumstances under which the 11 hostages were

released remained confused yesierday. French authorities said they were abandoned as said they were abandoned as security forces were about to move on their captors. Kanak leaders were quoted as saying the release followed French threats to burn down a village.

Details of the incident in were also unclear. According to the French account, she appeared to have been killed when a group of gendarmes shot their way out of a

ise afte

besieged police station.
Other incidents reported yes terday again included the blockeding of roads, and fears remained high that loyalist white settlers would launch their own campaign of retalia-tion against indigenous Kan-

Our Paris Staff looks at France's political battle and economy as the presidential poll builds to a climax

Le Pen marshals disgruntled protest vote

MR JEAN-MARIE Le Pen, the blond, bombastic leader of the extreme right National Front, has emerged as the big winner in the first round of the French, presidential election.

With 14.4 per cent of the national vote, Mr Le Pen can

national vote, Mr Le Pen can today claim that he has become the fourth significant force in the French political chessboard after the Socialists, the Gaullist RPR party and the centrist UDF coelition. He has displaced the Communist party from the top ranks of the French political league.

A week ago, smid the European Cup final atmosphere of the large football stadium of Marseilles, Mr Le Pen had declared to his supporters that he was "le grand perturbateur" of French politics. The results of the polis on Sunday night have borne him out. His voters are now likely to be the final arbiters of the secbe the final arbiters of the sec-ond-round runoff between Presi-dent François Mitterrand and Mr Jacques Chirac, his right-wing rival.

Mr Le Pen can be well pleased.

Even the most optimistic opinion polls before Sunday's vote Mauseilles town hall in the next suggested he would win about 12 per cent. Six months ago, many political commentators in the French capital started to question his political lougevity, after the blundered badly by dismissing capital. In the traditional Community of the depressed

Sharp fall

in French

jobless

By George Graham

past year the number of jobless has fallen 4.7 per cent, and the

a large extent by temporary work schemes and they were immedi-

ately attacked yesterday by the Socialist opposition as "not credi-

in the number of people returning to work, there was also an unusually speciacular increase in the number of people taking up

"travaux d'utilité collective

rate

"detail" of history.

On Sunday night, Mr Le Pen ground; polling about 11 per cent, not only consolidated his position in his traditional bastions of southern France and in clies southern France and in clies the sunday of the southern france and in clies the sunday of the southern france and in clies the sunday of the southern france and in clies the sunday of the southern france and in clies the sunday of the southern france and in clies the sunday of the southern france and in clies the sunday of the southern france and in clies the sunday of the southern france and in clies the sunday of the su

southern France and in cities with large immigrant populations, but also made substantial advances in traditional strong-advances in traditional strong-ago. But Mr Le Pen, who will be holds of the centre-right: in 60 in June, is no newcomer to

Le Pen's skilful combination of wild reactionary rhetoric and the ability to pose a number of fundamental issues has won him support outside the working classes in the bourgeoisie

Alsace he polled 20 to 22 per cent,

biggest concentration of North African immigrants in France, his triumph was complete. He scored nearly 29 per cent of the vote, overtaking for the first time

deep-sea fisherman from Brit-tany, he captured the headlines. es a deputy for the populist Pou-jadist movement in the 1950s. He rallied to the cause of French Algeria and founded the Front National pour l'Algèrie Française in 1960. He went on to set up the National Front in 1972. Until about 1984, he could count on a hard-core vote of no more than a couple of percentage points. In the 1974 presidential elections he scored only 0.7 per cent in the first round and he did

French politics. The son of a

not even bother to stand in the 1981 presidential election, His supporters consisted of a raging of extreme-right sympathisers, a

After the left came to power in 1981, Mr Le Pen gained a new lease of life. The economic crisis, lease of life. The economic crisis, especially in the automobile industry, which employed large numbers of immigrants in Paris region car plants, helped give a new appeal to lift Le Pen's reactionary and xenophobic views. The National Front made its first serious breakthrough in the municipal elections of 1983. In Dream a domittery town for the

Paris automobile industry with a large Arab population, it defeated a Socialist mayor.

The following year, Mr Le Pen's party scored 10.9 per cant in the European elections and entered the European Parilament. Two years later, with the change to proportional voting, the National Front scored 9.6 per cent in the 1988 Franch Legislacent in the 1986 French legisla-tive elections and won 35 seats in the National Assembly. Although Mr Le Pen has faced

a number of internal conflicts in his movement and an embarrass-ing separation from his wife, who appeared as Playmate of the Month in one of the most successful issues in the history of Playboy magazine, he has gone

forcefully exploiting three emo-tive themes; race, law and order, His call to return France to the

French and give French nationals priority over jobs, his support of capital punishment, and his attachs on "decadence" have all helped him win popular votes from the Communists. But Mr Le Pen's skilful combination of wild reactionary rheto-

nation of what reactionary tracti-ric, and the ability to pose force-fully a number of fundamental issues, has won him support not only among the working class but also in the hourgeoisie. An increasing number of Le Pen vot-



FRENCH ELECTIONS

ers are not extreme right-wing declare his hand, postponing his sympathisers but simply exasperated or disgruntled voters protesting against the existing political establishment.

This ultimately constitutes and the feast of Joan of Arc.

Wallowing in the limelight, Mr. both the strength and the famile mental weakness of the National Front. The protest vote has swelled it into the political big league. But this category of voters is highly unpredictable and could easily swing away from the National Front leader at any moment.

But for the time being, Mr Le Pen is triumphant. He has been the undisputed star on all television networks during the past 24 thours and he can now play political power broker in the second

Wallowing in the limelight, Mr Le Pen will try to squeeze every ounce of political capital he can into his pivotal capital he can from his pivotal rotal in this eye already firmly focused on the 1989 French municipal poll. For in the same way as the Communists did before him, he wants to exploit his national success to spread and consolidate his base at local twelf in the cities and provinces of France.

Paul Betts

Markets

Communists face sniping from 'renovateurs'

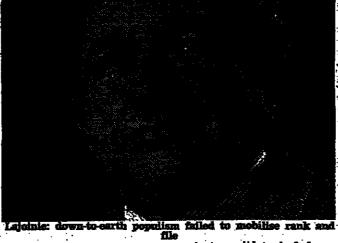
THE Communist Party, once again, has been one of the big losers of the French election.

A decade ago it could still poll more than 20 per cent of the popular vote. Seven years ago, in the last presidential election, Mr Georges Marchals, the Communist candidate, scored 15.3 per cent in the first round. On Sunday, Mr André Lajoinie, the Communist candidate this time. FRANCE'S unemployment rate fell sharply last month to 10.3 per cent from 10.5 per cent the previmunist candidate this time, gained only 6.7 per cent - the worst electoral score in the per-

ty's history. Mr Lajoinie's dismal perfor-The number of jobless sed in March to 2.555m, after seasonal adjustments, a drop of 1.8 per cent in a month which Mr Philippe Seguin, Minister for Employment in the Government of Mr Jacques Chirac, called "without precedent". Over the mance has confirmed the historic decline of the Communists, once the leading party on the French left but today easily overtaken by President François Mitterrand's Socialist party. Sunday's poor sions which have bedevilled the Communist party for the past few

latest data show unemployment at its lowest level for 18 months. But the figures were affected to years.
Indeed, Mr Lajoinie's campaign
was undermined by the decision
of Mr Pierre Juquin, the leader of
the dissident reformst movement in the Communist Party, to stand as an independent candidate. Mr Mr Michel Delebarre, former Juquin scored only 2.2 per cent on Sunday but he clearly robbed badly needed votes from Mr Socialist Employment Minister, said the figures were not corrected for seasonal variations but "camouflaged for electoral pur-

Although there was some pick-up in activity, with a 10 per cent increase during the month



his voters to support President Per Mitterrand in the second round. The official Communist Party has yet to declare itself but is widely expected to announce tomorrow its rejuctant support for the Socialist candidate in the second

while helped the traditional is finally prepared to accept a hard-line leadership of the party transformation of policies and to close ranks behind Mr Lajoinie and stifle the rumblings of the dissident reformists still in the evidence points to a party stub-

To add insult to injury, Mr

Juquin immediately announced after the results of the first round were known that he would urge

To add insult to injury, Mr

Marchais's flowery rhetoric and Mr Lajoinie's down-to-earth population of Mr Juquin to leave lism – the Communists failed to mobilise a disheartened rank and

file and an increasingly defensive trade union base. The Communist candidate even lost ground in traditional red regions like the depressed industrial north where Mr Jean-Marie Le Pen, the National Front leader, has also managed to make significant electural incodes.

electoral inroads.

The hard-line leadership, which for the past few years should with instituting interest control of the party by freventing the resociation of the party by freventing the resociation of the party affairs, must again take the major blame for the dismal electoral showing. for the dismal electoral showing. The leadership is bound to come under pressure again from the dissidents who want the party to adapt to the evolutions of modern French society. Although the existing leadership is likely to fend off a new attack from reformist dissidents or "renovateurs", the party also risks facing a new haemorrhage of members.
On its recent track record, there are no signs that the party evidence points to a party stub-bornly entrenched in its increas-ingly anachronistic position and slipping more and more into a ghetto of French politics.

Dealers said that there had been some initial disappoint-ment at the poor support for Mr Chirac, who will be the right's candidate in the second round of voting in two weeks time, but that the market had already been largely convinced that President François Mitter-rand, the left-wing candidate,

in the day. Trading as a whole

was thin and a bomb alert which caused the evacuation

of the bourse aroused more excitement than Sunday's vot-

would come out ahead.

They attributed the fall in the franc, in bond prices and in the equity market more to uncertainty over how Mr Mit-terrand would construct a gov-erning majority than to fear over the return of a Socialist president, although some French operators were anxious that a wealth tax would be reintroduced. Gold also feli slightly against fears that a Mitterrand government would end the anonymity of gold

transactions.

The franc fell initially below FF78.40 against the D-Mark, but was fixed at FF73.397, up only slightly from Friday. In the stock market, the CAC index ended 1.48 per cent

down at 803.6.

Foreign investors, who had begun to buy equities as well as French bonds last week, remained calm yesterday and did not close their positions.

"Always in this sort of period you can manufacture a fear, but if you forget the electural uncertainty you immediately see that the economy is still on the same course, with company profits growing by 12 company profits growing by 12 to 13 per cent this year," com-mented Mr Bernard Petit, director of research at Credit

Commercial de France

Greens successfully cultivate the under-30s

"TICS, community labour projects aimed at providing work experience for the young unamployed.

The number of people leaving the level of its big sister in West the lobless roll to take up TUCs day's voting has given the ecologist movement a strong base.

It is more than in March a per cent of the votes cast in metaporary and the per cent more than in March a per cent of the votes cast in metapolitan France. year ago.

This helps also to explain the behind his predecessor in the last fall in the number of long-term presidential election, Mr Brice unemployed by 2.7 per cent to Lalonde, but double what most fall in the number of long-term unemployed by 2.7 per cent to 793,000, since they have been coming under increasing prespolis had predicted. Exit polis estimate that he was the choice sure from the government of 8 per cent of the under-30s, the employment services to take up a only candidate to do significantly TUC or equivalent, or risk losing better among younger voters

their entitlement to unemploy-ment benefits. than overall.

For the first time, too, the ecol-For the first time, too, the ecologists when also to be ready to rose sharply between the first quarter of 1985 and the end of the first quarter of 1987, but has since declined, largely under the and cantonal elections. Mr influence of youth job training whether's strong showing in his measures. Nevertheless only Italy has a higher jobless rate among members of the Group of Seven industrial nations.

For the first time, too, the ecologists seem also to be ready to build on their score in the president amount of the president and cantonal elections. Mr was a higher jobless rate among eastern France, seems to offer the Greens an unusually strong industrial nations.

Alsace and neighbouring Lor-raine, on the West German bor-der, have traditionally been tion there of nuclear power sta-tions such as Cattenom.

But Mr Waechter, with a score of 9.34 per cent, has doubled the number of votes achieved by Mr Lalonde in 1981 in the two Alsace departments of Bas Rhin and

strongest breakthroughs with what chilly personal manner which falls short of charisma. He has also had to fight against a traditional ecologist stronghold, with long-standing local opposition movements to nuclear sites such as the fuel reprocessing plant of La Hague, remained a strong source of votes, while Briting source of votes, while Briting the least of any of the prince certifies.

The Greens also reinforced their support in the meuntainous areas of eastern France, from the strongholds of ecologist senti- Jura (5.4 per cent) to Alpine ment, partly because of the local regions such as Hauts Savoie (5.4 per cent) or Hautes Alpes (5.3 per cent). Ecologist support declined, however, in Paris and its sub-

The party has overcome considerable handicaps to get this far. The 39-year-old Mr Waechter, Haut Rhin, where the ultra-right though an able organiser with a wing Mr Jean-Marie Le Pen, who string of successes in fighting received 14.6 per cent of the votes nationwide, scored one of his course developments, has a some strongest breakthroughs with what chilly personal manner

tany, where the Green party has the least of any of the nine candibeen relatively weak despite the dates — 12 minutes less even succession of oil slicks and chemical spills that has afflicted the Boussel, who received a princely region, showed a strong advance. 0.4 per cent of the votes, and 17

munist candidate Mr Pierre Juquin, who added insult to injury by making an open pitch for ecologist votes. The vote appears to be a vindi-

to move the party into the orbit of the mainstream left-wing paruss. The candidate is sticking to the view that his supporters are intelligent enough to make up their own minds who to support in the second round of the elec-tion, and will not endorse either Mr François Mitterrand or Mr Jacques Chirac.

cation of Mr Waechter's purist ecologist line, which carried the day at the Green party congress in 1986 against those who wanted

Mr Lalonde, to the considerable irritation of the Greens, who have for some time now viewed him as an opportunistic turno yesterday firmly backed Mr Mit-

Brussels to table investment and insurance proposals

ise the provision of investment services, life insurance and motor insurance across borders in the European Community will be tabled by the Brussels Commission before the end of the year.

They were sketched out by Mr Geoffrey Fitchew, the European Commission director general for investment services directing and insurance across borders in the European market by 1992 and sould have to be agreed by a majority of EC member states before coming into effect.

They were sketched out by Mr Geoffrey Fitchew, the European for investment services directing and motor insurance would be allowed to sell policies in "will be considerably more comformancial institutions, who told a securities deelers and fund manning that ordinary people could for the commission was therefore first time buy life and car insur-

WIDE-RANGING plans to liberal- free trade in financial services.

life and motor insurance would The life insurance proposal on top of the existing programme be allowed states without set other member states without set of the considerably more common internal market in the sector.

. "The aim is to achieve the is restricted to industrial insur-

financial institutions, who told a securities dealers and fund manconference in Brussels that the agers to work freely in any mensproposals would complete the ber state so long as they were commission's package of 22 measures for dismantling barriers to EC country.

Leve would aim to allow orders, meaning the package, said Mr Fitchew. Experience has shown that ordinary people could for the first ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the consistency of the commission was therefore that ordinary people could for the commission was therefore that ordinary people could for the commission was therefore that ordinary people could for the commission was therefore that ordinary people could for the consistency or considering liberalising the section of the commission was therefore that ordinary people could for the consistency or considering liberalising the section that ordinary people could for the consistency or considering liberalising the section that ordinary people could for the consistency or considering liberalising the section that ordinary people could for the consistency or considering liberalising the s

under the protection of the other member states' laws. Mr Fitchew said his officials were meanwhile working on additional proposals to liberalise other financial services, needed "Experience has shown that

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calm over upset to right FRENCH financial markets reacted calmly yesterday to the setback in Sunday's voting to the mainstream right-wing; parties headed by Mr Jacques Chirac and Mr Raymond. Barre.
Although equity prices fell sharply in the morning, and the French franc dropped against the D-mark and the dollar, markets recovered later in the day. Trading as a whole

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And the second of the second

dal in Austria

The state of

FINANCIAL TEMES

Official Polish union wins pay rise after strike

POLISH authorities yesterday too low.

lic

the city of Bydgoszcz.
The strike halted public trans-

authorities granted the drivers a incre 63 per cent pay rise. They negotiated all day with a 10-man deleby immediate acquiescence gation over a 10-point programme

again soon after the deal was after hours by more than 5,000 amounced yesterday.

The agreement was not put to a vote and some drivers after wards said they were inhappy approval from the hational transmith deal.

An official union representative described the strike as spot: sored OPZZ labour i taneous and explained it had However, the fer

faced up to a new challenge in their struggle to keep wages from outpacing rising prices, as bus and train drivers went on strike and won a pay increase — in the city of Bydgoszcz.

The stoppage was led by a bus driver who is a Communist party member and chairman of the local branch of Poland's official transport workers union. He described the action as a protest

The strike halted public transport for more than 12 hours in the industrial city of 370,000 t

wage demands.
But last week, the key Huta
Stalowa Wola works in the

port union federation, which is still ated to the government spon However, the federation has been sparked by an interview in said drivers were leaving their a local evening newspaper last jobs because of low pay and it friday in which the local transport manager curily dismissed. Messner, the Prime Minister, to complaints that drivers' pay was take action. Karen Fossli in Oslo examines mounting speculation over Norway's largest company

Oslo studies Statoil's future

SPECULATION is mounting over a proposal. He also said that divide a proposition to be put forward to the Storting (Norwegian partia-company relating to reporting ganisation of Statul into separate procedures between Statul and companies. However, his party is major reorganisation of Statul, will also be a crucial element state oil company are expected to within his proposition.

Mr Ocien is expected to take a hard line which supports reorganisation of Statul into separate procedures between Statul and Energy expected to be divided over the state oil company are expected to within his proposition.

The proposals regarding the state of company are expected to within his proposition.

The ownership of Statoil has softer approach towards Statoil submitted by Mr Arne Oeien, Norway's oil and energy minister.

Mr Oeien said recently that, recent Government review of its necessary to make Statoil a more effective company, the Statoil a more effective company, the Statoil a more effective company, the pros and cons of reorganisation into several companies will be closely examined within his of Norwegian energy policy.

supporting Mr Oeien and a "traditionalist faction" taking a softer approach towards Statoil in opposition to his proposal. They will be supported by most other parties and will represent a majority on the issue.

Another central issue in the matter is the state's risk in stakes which if holds in production into several companies will be closely examined within his

shares in producing fields to create an investment fund for the upcoming major Troll and Sielpner gas field developments whose economies are not all that robust Another suggestion will entail a long-term strategy. However, privatisation or semi-privatisa-

tion of Statoil is a major playing card which the Government keeping up its sleeve as a means to raise revenue should Norway's economic situation worsen.

New look for Novoli sparks lively debate

Florence, took an unexpected turn last week as the presentation moved into a lively discus-sion on the aims and functions of

modern architecture.

The project, first mooted in 1984, brings together a cosmopolitan group of individuals the private and public sectors in an ambitious development.

Acting on behalf of the Florence local council, architect and radical senator Professor Bruno Zevi, chose 14 distinguished architects of mixed nationalities to design the buildings and cave

to design the buildings and gave the thankless task of co-ordinator

ent. tect, Lawrence Halprin. last of which ended last week, wel- The area is at present occupied. There have also been numerous by Flat's car components factory, which will be moved to another Professor Zevi felt that dissite, and the aim of the project is agree

Jennifer Grego looks at the changing face of an

vices out to the periphery. The should be an integral particles out to the periphery. The should be an integral particle of the periphery of the should be an integral particle of the s premises for the Fiat group) in addition to residential and commercial areas and parkland. There have been three work-

Italian city as planners grapple with conflicting ideals to relieve congestion in the city's he has reservations about the historic centre by moving the law development's seeming isolation courts and other offices and ser-

> ous: the distinguished Florentine architect Giovanni Michelucci left early this year, and the Brit-

a spanner into the works with a public announcement of his res-

In an open letter, he said: "Instead of the rich weave of a multi-functional centre for the whole of Novili, and an alternative centre for Florence, we see the largely mono-functional characteristic of an office park."

In the meantime, conservation groups have had time to prepare for battle, organising protest for battle, organising protest. He said 260,000 people had been meetings, collecting signatures brought in to work in the Cherfor a referendum and aiming to nobyl contaminated zone since prevent final approval of the project by the Tuscan regional companies to operate on a some 600 villages and other setself-sustaining basis went into cil. The final decision on the project is expected in the autumn. The final decision on the project is expected in the autumn.

Decontamination attacked by local **Communist Party**

THE huge effort launched by the Soviet Union to decontaminate the area affected by the Chernobyl nuclear disaster two years ego has come in for savage public party officials. Government officials responsi-

ble for bringing the Chernobyl plant back into operation, with its doomed fourth reactor encased in concrete, have been accused of ignoring proper standards of repair and maintenance, as well as "sanitary norms".

The criticism voiced by the

Kiev regional committee of the Communist party was published by Pravda, the official newspaper of the ruling party, in a striking manifestation of glasnost, or penness, in the press.
The enormous cost of the two-

year clean-up operation was hinted at in some statistics quoted in another newspaper, the Ekonomicheskaya Gazeta, by Mr Yevgeny Ignyatyenko, head of the Kombinat organisation set up to do the job in the wake of the

some 500,000 cubic metres of contaminated earth.

However, Mr Ignatyenko him self was attacked by the Klev regional party committee, which accused the management of Kom-binat of a "lack of necessary controls" in carrying out repairs at the surviving reactors of the plant itself.

The party meeting also accused the Ministry of Atomic Energy of "not caring about the situation" outside the immediate 10km zone around the ruined reactor.

Although the admission of the Chanobyl nuclear accident was one of the first and most dramatic examples of Mr Mikhail Gorbachev's policy of glasnost, subsequent debate on the subject, and on the safety of nuclear power in general, has been remarkable only for its caution and stillingness to accept the offiand willingness to accept the offi

The Pravda article, in contrast, points to a growing pressure from below to bring such criti-cism into the open.

Soviet industrial production

increased by 5 per cent in the first three months of 1988 as reforms requiring many factories

Row erupts between **Turkey and Greece**

"This is a very serious matter," EC presidency until the end of one diplomat said after the June, hopes to reschedule the announcement that the Turmering before its term expires. key-EC Association meeting was called off.

The cancellation of the meeting was seen by analysts as a diplomatic of the meeting was seen by analysts as a diplomatic of the meeting was seen by analysts as a diplomatic of the meeting was seen by analysts as a diplomatic of the meeting was seen by analysts as a diplomatic of the meeting was seen by analysts as a diplomatic of the meeting was seen by analysts as a diplomatic of the meeting was seen by analysts.

A DIPLOMATIC row between Mr Hans-Jurgen Chroborg, his Greek and Turkish officials over spekesman, tried-to put a brave Cyprus led yesterday to the canfect on the collapse of the talks, cellation of a European Community meeting, according to diplomats, AP reports from He said the German government which holds the retering ment, which holds the rotation

An EC official said the Turkish matic blow to left Genscher, win

An EC official said the Turkish delegation refused to take part in the meeting in protest to the mention of the occupation of Cyprus on the agenda.

He said the Turkish delegation agreed to discuss political co-operation with the Community over eration of the Community over eration with the Community over eration with the Community over eration of the Community over eration with closed door negotiations, and east Mediterranesh island has a postponed the meeting inded-bearing on the Community.

Hungary lays bare Soviet relations

BY LESLIE COLITT IN BERLIN

THE HUNGARIAN Prime Minister, Mr Karoly Grosz, has given a rozhetz car in the Soviet Union remarkably frank account of his would have given Hungary \$0,000 with the Soviet Union, suggesting cars annually and allowed for considerable input of Hungarian that both sides are adopting a components.

But he had told Mr Ryzhkov that Hungary was unable in take

factory and in a chemicals plant.
In both cases, the decision was invest jointly in a new Soviet car in the Soviet Union was based on The both cases, the usuami man had been because Soviet prices failed budapest had previously urged to reflect real costs.

Moscow to do without Hungarian

Mr Grosz said the visiting
Soviet Prime Minister, Mr Niko
ai Ryzhkov, had last week asked
or a "yes or no" answer from nim on Hungarian participation to manufacture a basic crop pro-n the two projects. He quoted the Soviet Prime

dinister as saying that if Hun-nary rejected participation, then doscow would look for "other olutions". Mr Byzhkov had men-ioned that 500 US businessmen ioned that 500 US businessmen and come to Moscow earlier this nonth, and that the majority of hem had suggested "co-operation schemes" with the Soviet Hungary would be short of electricity between 1991 and 1994, the

to economic co-operation.

He disclosed that Hungary had part in building the car plant per triplet disclosed that hungary had part in building the car plant because the cost of construction "different prices".

Mr Grosz further disclosed that investments in a large Soviet nat-ural gas project. Hungary, in addition, turned down, at least for the present, a Soviet proposa

Mr Grosz also said he had a "little dispute" with Mr Ryzhkov over the purchase of Soviet VVER 440MW nuclear reactors

The Soviet Union has recently Soviet Prime Minister said he The Soviet Union has recently niticised the quality of imports rom Eastern Europe and negested that it could easily sell income and are which it sends to Eastern urope to the West and earn adly needed hard currency.

Mr Grosz said that, since there all be fundamental differences interests, it was natural that its was manifested in Soviet union could help Rungarian negotiations.

He said a jointly built factory

Settlement in Austrian legal battle

LEGAL battle between outgo Mr Worm, writing in the g Socialist Party Chairman Vienna news magazine Profil, red Sinowatz and journalist Mr had claimed that on October 28

ifted Worm over President Kurt 1985, Mr Sinowaiz told Socialist adheim's wartime past ended sterday with a settlement that be revelations about Mr Walknowledged the newsman's quittal in an earlier trial, AP ports from Vienna.

A widely amicinated appeals wartime service in the Balkans warting that amounted to a test Mr Sinowaiz credibility ended the Mr Worm stating he did not lieve the Socialist politican per nally directed the campaign are past.

But a trial last October ended with an acquittal for Mr Worm with an acquittal for Mr Worm and the judge accusing Mr Sinowaiz of lying.



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THINK OF US FIRST IN FAX

Sincerity counts in new-look S Korean poll

A CHEERFUL election poster showing the smiling face of one of South Korea's most handsome politicians shines down on passers by in Shinmunro Street in

central Seoul.

Mr Je Jung Ku, a 44-year-old social worker with a strong record of resistance to authoritarianism, is standing for the Hangyorae (one nation) party, formed only months ago, and is unlikely to win a seat in the National

Assembly elections today.

But the mere fact that he is standing indicates a major change in South Korean politics following the demonstrations for democratic change which forced presidential elections last Decem-

Voters in the prestigious con-stituency of Chongno who want to register a vote for democratisation do not, however, need to vote for Mr Je. An equally strong candidate is Mr Kim Myong Moon, president of the Reunifica-tion Democratic Party formerly run by Mr Kim Young Sam. A human rights lawyer and experienced opposition politician, Mr Kim is following the tradition of running the party leader in the

A third candidate, standing for the New Democratic Republican Party run by Mr Kim Jong Pil, would also be a very respectable choice. Another lawyer, Mr Chong In Bong, aged only 35, resigned from his job as a judge when the Government rejected The opposition Party for Peace and Democracy last night claimed that the MBC TV sta-tion had broadcast the election result for Cheju City, on the southern island of Cheju, yes-terday, the day before the polls

The PPD said the station reported that the raing DJP candidate had won with 39.2 per cent of the vote. It credited the PPD candidate with 3,517

All opposition parties, which have complained repeatedly about election irregularities, will meet in Seoul today to

his decision in a human rights

But democratically-minded electors in Chongno have a fourth choice, and in this constit-uency the candidate for the ruling party is also on the side of the angels. Mr Lee Chong Chan, demands for democracy. In Chongno, Mr Lee is likely to win.

The ruling party is also expected to secure election nationwide of power politics prevail, where members chosen by the parties it has set a target of 40 per cent family relationships, money and on the besis of their proportional of the votes and about 55 per cent position can determine the result. Share of the vote. Such candidates the seats. But South Korean But in industrial areas, dozens of dates include a number from militation.



Election posters for the four candidates in Changno constituency.

the two main opposition parties grouped around Mr Kim Young Sam and Mr Kim Das Jung. Both are expected to do well in their

country strongholds, where they have agreed not to run candi-

vote in the cities, where middle and working classes voted resoundingly for the opposition in 1985, to deliver a message to

the Government, will not this time be handed over so easily.

The new National Assembly

past, when the Parliament was indepetither ignored by the Government, used as a rubber stamp, or

All the main political parties have responded to the new mood-by ditching dozens of former sit-ting members who had won seats through either patronage, payoffs or bribery of voters. New faces the angels. Mr Lee Chong Cham, or bribery of vouers. New 18252, is a member of the moderate, are predominantly younger, espeliberal-minded wing of the ruling cially in the cities, which traditionally support the opposition group credited with urging the Covernment to respond to public democratic personalities, regard-demands for democracy. In less of party affiliation.

voters are hoping that the shape candidates have sprung up itary and other circles who might of the new National Assembly appealing for workers' and stu-have difficulty winning the elec-

will be very different from the dents' votes, often standing as tion, but-predominantly consist past, when the Parliament was independents. The flowering of this new last year's presidential camapproach does not bade well for paigns.

But voters can probably look forward to a legislature contain-ing many more democratically-minded young and well-educated politicians in all the parties. The new body will have investigative powers under the constitution revised last year and is expected to be taken far more seriously than in the past.

All four main candidates for All four main candidates for Seoul's Chongno, for instance, graduated from Seoul National, the country's top university. For the cheerful Mr Je, graduation took 14 years because the Government continually arrested him. Mr Je will no doubt hope, along with most South Koreans, that those days are now over.

HK Basic Law debate imminent

By David Dodwell in Hong Kong

THE 23 Hong Rong members of the 58-strong Besic Law Drafting Committee headed for Peking today, ahead of the expected publication on Thursday of Peking's bineprint for the territory's constitution of the 1997. The problemants after 1997. The publication of the first draft of the Basic Law which will determine the polit-ical structure after 1997, when

the territory is due to return to direct Chinese rule, will start a summer long debate. Whether the debate will be controversial will depend on the seventh and final meeting of the drafting committee being oble to true out final of the drafting committee being able to iron out final problems. Public discussion on the Basic Law has been overshadowed for the past year by debate in Hong Kong over a white paper on political reform during the period of transition from British colonial rule to China's assumption of sovereignty.

Advocates of rapid political change — notably the early introduction of direct elections to the territory's most powerful law-making body, the Legislative Council — had focused on the White Paper debate in the hope of winning support. Their failure to win support

Their failure to win support for this has returned attention to the Basic Law.

Manila moves closer to ban on nuclear weapons

BY RICHARD GOURLAY IN MANILA

day introduced a bill to imple However, neither President Cornent a clause in the constitution on Aquino nor her foreign sectors the country in an indirect effort to persuade the US to abandon its Senator Tanada said. THE PHILIPPINE Senate yestertwo strategically important mili-

ons, passage of nuclear armed or powered ships and the presence of nuclear weapons delivery

systems.

"We want to create a New Zealand situation," said Senator Wigberto Tanada, who is the bill's sponsor and a leader of a nationalist block which believes that the US bases are an infringement of Philippine sovereignty. He was referring to Weilington's refusal to allow the US access to New Zealand ports after Washington refused to depart from its global policy of neither confirming nor denying the presence of nackear.

Mrs Aquino has tended to two strategically important minimary bases in 1992.

The bill is designed to tighten up loopholes in the constitution has two-chamber Congress to decide policy rather than push her administration's these. Her and make it impossible for the only public statement on the US to stay at the Clark hir base, fortune of the bases has been to Subje naval base and four confirm that the current 25 year smaller facilities. The bill would han the storage of nuclear weapons, passage of nuclear strengt or

. The situation is further con fused because some senators have already suggested that the nuclear issue is a bargaining card in the current talks on the inture of the bases that will be used to

The two countries are three weeks into review talks on the bases which are likely to give a clear indication of whether the US will stay beyond 1982.

Earlier yesterday, Mr. Fidel-Ramos, the defence secretary. denying the presence of nuclear also raised the nuclear weapons weapons on its ships.

The bill has the support of the majority of the 23-member Senate access to all parts of the US facili-where it has already been ties.

Shamir stresses hard line over occupied territories

Israeli Prime Minister, has said that Israel would never leave the occupied West Bank and Gaza Strip. Autonomy was the only possible option for the 1.5m Palpossible option for the 1.5m Palestinian residents of the territories, he told a meeting of his

right-wing Herut Party.

The unequivocal declaration of the Prime Minister was an opening shot in the campaign leading up to national elections scheduled for this November. The elections were described last week by Mr Shimon Peres, the Labour leader in an interview with the

A senior Israeli official recently disclosed that during Mr Shultz's last visit, earlier this month, the Prime Minister admitted — for the first time — that his interpre-tation of UN Security Council Resolution 242 does not require Israel to withdraw from any part of the West Bank.

With his chief party Heutenants, Deputy Prime Minis-ter David Levi and Trade and Mr Shimon Peres, the Labour leader, in an interview with the Financial Times, as the most crucial in Israel's history.

Yesterday Mr Shamir blamed King Hussein of Jordan for the failure of the US peace initiative, and said the Jordanian momerch had no claim to the territory had no claim to the territory had no claim to the territory had not in 1987?

Mr Shimon Peres, the Labour ter David Levi and Trade and Industry Minister Ariel Sharon, snapping at his heels, Mr Shamir was compelled at last night's Husein for the would probably have wished. His colleagues — challenging for control of the party — have pressed for an outright rejection of the Shultz plan.

a big setback for the faltering peace mission of Mr George party: "The Arab residents of Shuits, the US Secretary of State. Israel must understand that we According to Israeli officials, Mr will never leave Judea and Shuits is currently weighing the Samaria, or the Gaza Strip."

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Lagos clamps down on fuel price rise protests BY MICHAEL HOLMAN, AFRICA EDITOR

NIGERIA'S military Government lenges the Government of President arrested suspected ringleaders, in an attempt to curb growholders coup in Angust 1985.

The price of domestic fuel—which at 10 US cents a litre is among the cheapest in the world in the northern city of Jos when dispute between Nigeria and the the 3 per cent increase was first amounced. This was followed by the current negotiations to a strike by thousands of government workers in the northern state of Kano. The strikers were dismissed lest week, and 11 trade union leaders in the state were arrested at the weekend.

Announcing the ban in a critical to Nigeria's efforts to

arrested at the weekend.

Announcing the ban in a critical to Nigeria's efforts to nationwide broadcast on Sunday reschedule its estimated \$23bn night, Mr Muhamadu Gambo, the external debt.

The powerful reaction to the police, said the protests were modest rise shows the depth of "premeditated and executed in a public feeling on the issue, and most professional manner", negotiations with the Fund adding that an unspecified number of "mischief makers" had been arrested.

Trade union leaders were due Government must also take into to meet last night to consider account the impact of an increase their response.

More than 20 universities and and taxi owners, many of whom colleges have been closed in what are senior civil servants, army is officers and politicians.

Zhao broadside on Tibet pro-independence 'agents'

ZHAO ZIYANG, the Chinese communist Party General-Secretary, accused "agents of some anti-Chinese foreign forces" of ment as being manipulated by attempting to split the country, in an obvious reference to prointed dependence protests in Tibet.

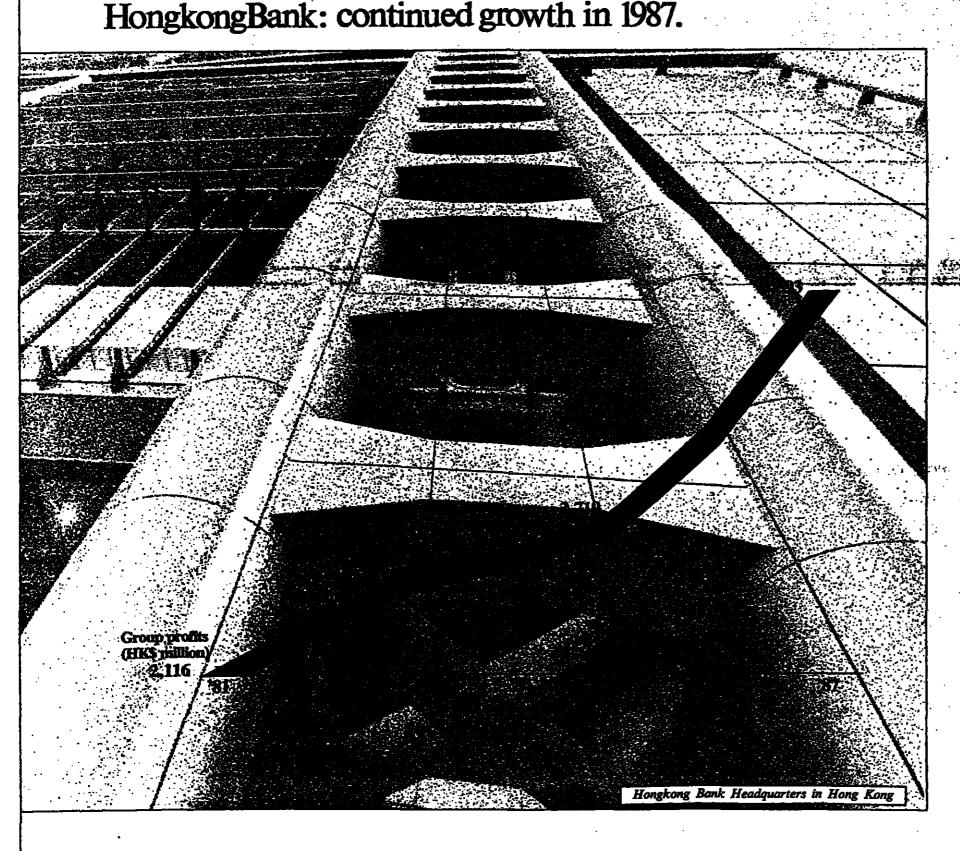
The unusually shrill Zhao, generally regarded as a broadminded reference, told a gathering of Chinese minority groups that the ambitions of these "agents" were in vain because "they are not representing the interests of our people".

Zhao has made few comments on the Tibet issue and the speech reflects the party's hardine attitude to pro-independence protesters, characterised in the official media as being few in number and criminal in behaviour.

In early March, thousands of protesters in Lhasa, the Tibetan capital, clashed with police at the close of a prayer festival, resulting in injuries to more than 300 police and the death of one.

Pro-independence protests

Managed and



During 1987, The Hongkong and Shanghai Banking Corporation made further progress in consolidating its position as one of the world's leading banking groups.

Financial highlights of the year included:

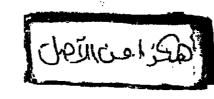
- group profits up by 17.6% to HK\$3,593 million (US\$463 million)
- one-for-ten capitalisation issue proposed for 1988
- earnings per share up 11.4% to HK\$0.78 (US\$0.10)
- total dividends per share up 5.6% to HK\$0.38 (US\$0.05)
- assets increased by 17.1 % to HK\$837 billion (US\$107.8 billion).

During the year, the group raised its shareholding in Marine Midland Banks, Inc., in the USA, to 100% and acquired a 14.9% stake in Midland Bank plc, in the United Kingdom.

For a copy of the 1987 Annual Report, please write to The Hongkong and Shanghai Banking Corporation, 99 Bishopsgate, London EC2P 2LA, United Kingdom.



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Suddenly, from nowhere, something runs out in front of you. (This time it's a cat. But it could easily have been a small child).

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Every Carlton is equipped with an electric headlamp levelling system, which means that however much weight you have in the back of the car, your view of the road ahead will remain the same.

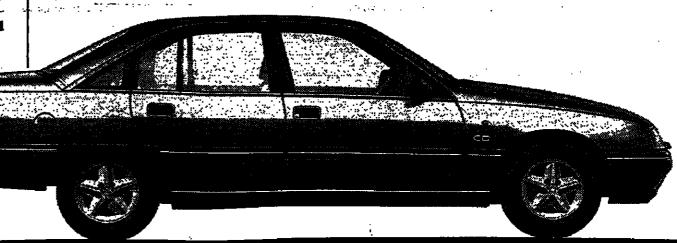
The front seats are orthopaedically designed and what's more, every model also comes with height adjustable seat belts.

Features like this helped the Carlton gain the accolade of Car of the Year 1987. That's all very well for us.

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David Owen in Saint Pierre analyses a tricky fishing dispute in the vestiges of a distant colony

By Stewart Fleming, US Editor, in Washington

A SHARP warning about the threat of inflation in the US was issued yesterday by Mr Gerald Corrigan, president of the New York Federal Reserve Bank.

Mr Corrigen told the Bankers Association for Foreign Trade, meeting in Boca Raton, Florida, ing too fast to contain the under-

lying inflation.
"We cannot sustain this kind of growth without latent inflation also surrounded by stormy seasobecoming real." Mr Corrigan Cover the last 170 years, nearly said. "The amber light is on" so far as the inflation threat is convicinity of the archipelago.

Although Mr Corrigan conceded that the US inflation per-formance had been good, especially so far as wages were concerned, he said the economy is growing at a seemingly much more robust rate than many had

He stressed that the inflationary potential of the US economy was linked to its external imbalances, the huge trade and current account deficits, and that correct-ing these imbalances would require a slower rate of growth of

domestic demand.

The Commerce Department is scheduled today to announce its first estimate of the rate of product in the first quarter of the

first quarter, compared with the tically begging Bahamans to take strong 4.8 per cent which was out loans. But by the end of the recorded in the fourth quarter of year, the situation had changed

In recent weeks Wall Street has become more concerned about the inflation outlook.

The Government has released reports over the past two weeks showing that both wholesale and consumer prices rose much more sharply in March, by 0.6 per cent and 0.5 per cent respectively.

than for several months. However, many economists are still reluctant to conclude that and an alarming increase in inflation has ratcheted up to the credit expansion in 1967.

France faces a 'Falklands' in the North Atlantic

DUSKY WARRIORS and bare- of St Pleare-Miqu breasted, Gauguinesque women were the figures depicted on St. Plerre and Miquelon banknotes until 1973. Such idealised South Sea island

Such idealised South Sea Bland imagery was misleading, to say the least. These foggy and windswept 90-square-mile vestiges of French sovereignty in north America have considerably more in common with the Falklands than with Tahiti.

Like those once obscure British pressections in the South Atlantation.

possessions in the South Atlan-tic, St Pierre-Miquelon is heavily dependent on fishing (though not on sheep) for its livelihood. The islands, just 12 miles off the south coast of Newfoundland, are

vicinity of the archipelago.
Since the outbreak of war between Britain and Argentina in 1982, some local politicians have found another point of comparison. The islands could become "the Falklands of the North Atlantic," warned Mr Marc Plantagenest, president of the St Pierre general council, at the time. Canada is "hardly likely" to invade but could undertake an economic blockade of the 6.000economic blockade of the 6,000-strong community, he elaborated. Currently, well over 70 per cent

of St Pleare-Miqueion's supplies are imported from Canada.

With the long-running Franco-Canadian dispute over fishing rights having this mouth taken a turn for the worse following Canada's arrest of Mr Plantagenest and three other island politicians, such comparisons are back in young Mr Pat Nowlan, a Company. vogue. Mr Pat Nowlan, a Conservative MP from Nova Scotia, even advocated last week that the islands should "cast aside the shackles of history" and start thinking about developing a closer relationship with Canada. France and Canada have been

ada declared a 200-mile economic zone in 1977.

France followed suit, spurred as much by the potential for commercially exploitable energy finds in the region as by fish, but Canada continues to recognise a limit of only 12 miles. France in of commerce. The smaller of the lurn refuses to countenance Canadian fishing quotas in the two claims overisp. This has led to Canadian allegations of overlishing by both St Pierrais and French vessels.

When France broke off negotiations last autumn, prompting Fram (£746,000) this year. Discovered in 1520 by the Portaguese explorer, Jose Alvarez at Canada to close its ports and fishof the 11,000 Virgins), the archiping grounds to French and St pelago was subsequently claimed.

at loggerheeds over fishing rights and quotas in the area since Can-ada declared a 200-mile economic

tine annual repairs at Canadian

Pierre-Miquelon fishermen, the for France by Jacques Cartier, islanders found themselves Seized and pillaged nine times in caught in the crossire, barred little more than a century by from their traditional fishing Britain, the Islands were finally grounds in the Gulf of St Lawr-coded to France in 1815 in the cace and unable to carry out require which ended the Napo-

This has propelled the fish-dependent (though heavily substituted) island economy into free yellow headilities of the Renaults

France refuses to countenance Canadian fishing quotas in the "disputed zone" where the two claims overlap. This has led to Canadian allegations of everfishing

poster of hir François iditionrand-in one shop window. "None from plus loin ensemble" - "We will go further together" reports hir Jac-ques Chirac, snother presidential candidate, from a vantage point

But relations between the St Pierrais and the French main-inders on the island are dis-tinctly ambivalent. By most esti-mates, close to 1,000 French civil servants and dependents are sta-tioned at St Pierre. "There are 17 people in the department of agri-culture and nothing grows here,"

observes Mr Jean-Beitse and Citroens which throug he streets to the Gianase clearties on sele at the curae "taker" he had been a local historian, such a reason of the price which the selection as a print of the Newfoundal and Adrient, a local hotel owner and Canada's horizonty consulting and Canada's horizonty consulting the hold in North America in the hold in the mouth of section in the north of the hold in North America in the hold in th

Right set to win Manitoba

NDP backbencher, who cancelled out Mr Pawley's alender majority by joining the opposition on a crucial budget vote.

In the 1986 election, the NOP had won 30 seats, against 25 for the Conservatives and just one for the Liberals. However, the party's majority had since been reduced to two, following the resignation of a cabinet minister.

Since he replaced Mr Pawley as NDP standard-bearer after a close fought leadership contest, Mr Gary Doer, a youthful former mion leader, has been striving to make up the leeway.

However, public antipathy to the party appears firmly

the party appears firmly entrenched following the imposiger-than-expected showing by Ms Carstairs, a former Alberta Lib-eral party leader, have contrived to make the race much closer than was originally expected. In recent opinion polls, the Tories have had the support of 43 per cent of decided voters, against 37

have had the support of 43 per can to poor weather and resistance within the luge and slow moving Spriet burgancies, the report said.

The report size suggests that the Seviet echaciny is not producing the type or quality of goods sought by Soviet consumers. Per capita consumption fell in 1987, but savings being deposits rose by 10 per cent. The reforms have been threat upon a largely amprepared bureaucracy.

COL

Bahamas feels economic pinch

BY ATHENA DAMIANOS IN NASSAU

growth of real gross national THE ONCE buoyant Bahaman economy has gone into rapid decline. Until the third quarter of year.

Economists are generally 1987, there was so much money in the banking system that banks in Nassau, the capital, were practing real GNP to have risen in the lands over 2 per cent in the

dramatically.
Traditionally, liquidity is quite tight prior to Christmas when merchants export finds to build up their inventories. However, a combination of factors has caused a major clampdown on consumer lending and in many cases a virtual freeze on loans. These factors include: a sharp falloff in drug money; a signifi-cant decline in tourist arrivals

per cent level. In 1983, the tiny sport-fishing Mr Corrigan's comments will island of Bimini banked more Mr Corrigan's comments will be read as an indication that he sees no case for any easing of monetary policy at this point, but that he is instead leaning in the direction of being prepared to tighten credit quickly if inflationary pressures continue to build.

man Government, quite possibly because of pressure from the US. is causing drug traffickers to take a different route. The Narco dollar, a base of the Bahaman

economy is now drying up. The US State Department has esti-mated that at least 10 per cent of the Bahaman Gross National Product is based on drugs. In 1984, the amount of unexplained money in the system (net errors and omissions) stood at \$121.6m. That amount had dropped to \$59.2m in 1986. The 1987 figure has not yet been made public, but it is expected to be

Meanwhile, the leading indus try of tourism began to show signs of trouble following last October's stock markets crash.

Some of the larger hotels have reported that business is sharply lower and it has been estimated that Nassau alone would have lost \$13.7m in tourist revenue

The belated squeeze being put on drug traffickers by the Bahaman Government, quite possibly period in 1987.

"We have actually never seen a poor season like this," said Mr Leslie Moree, general manager of the Holiday Inn on Paradise

At the end of 1987 the money supply grew 12.9 per cent. During the same period, credit grew 18.9 per cent as an increase in the public's appetie for investment in homes, rental properties, shop-ping complexes and small busi-ness ventures fuelled the rapid debt accumulation.

Some of the commercial banks used aggressive marketing tactics to attract deposits from each other for enward lending to consumers. At the same time, non-banking institutions and retailers were offering attractive credit conditions including no-down

As a result of their clampdown on consumer loans car businesses are reporting a 50 per cent decline in business.

Haiti can sue Baby Doc, rules French court

A FRENCH court ruled yester-day that Baitl can sue ousted dictator Jean-Claude Duvalier in France for \$120m (£64m) which the new government alleges he style, Reuter reports from Aix-en-Provence.

from Aix-en-Provence.

The appeal court decided that French tribunals had the right to hear the action against "Baby Doc," who field to France after being forced out of Haitli in 1986.

The railing cleared the way for the Haitlan Government to try to recover money it said try to recover money it said. Mr Duvalier and his wife, Michele, sinhened off from state funds before he was

state funds before he was deposed.

It reversed a judgment by the civil court in the Riviera town of Grasse last year that it was not competent to hear a case against the Davallers.

Duvalier's lawyers had claimed that French courts had no jurisdiction in the case as the alleged crimes were committed outside France and involved a fareign national.

Soviet economy stagnated in 1987, says CIA report

THE SOVIET economy stagnated last year, signalling a setback to Mr Mikhail Gorbachev's ambi-tious reform programme, accord-ing to a report by US intelligence

agencies.

The Central Intelligence Agency and the Delegoe Intelligence Agency and the Soviet economy had alloyed back into the economic incrite geveriling before Mr Gorbachev took power

three years ago. "Unless Gorbschev can achieve "Unless Gorbachev can achieve better results this year in implementing his programme than last, his efforts to revitalise the economy are likely to falter and tensions within the leadership are certain to mount," said the joint report, which was suignified to the Joint Economic Consuites of Congress.

The intelligence agencies' assessment coincides with reports from Moscow of a cleak over the pace of reform between Mr Gerbachey and Mr Yegor Ligachey, number two in the Polithuro, shead of this year's

Communist Party plenum in June. The Kremlin has denied the party leadership is split.

The annual report suggests that the Soviet gross national product, the broadest measure of 1967 and the annuancement last economic growth, increased by a December of a 24 per cent masgre 0.5 per cent in 1967, compared to 3.9 per cent in 1965.

The report indicates, however, a series of early suffers, coupled with the stronger of the the party leadership is split. that Soviet military spending increased by 3 per cent in 1987, roughly the same pace as in

tion was "reminiscent of the Brezhnev era" and was largely



The Financial Times, this year's Annual Report Promotion will highlight key details from the latest Annual Reports of leading Swedish corporations.

The SKF Group is world leader in rolling bearings. It also produces a wide range of other engineering products such as machine tools, cutting tools, textile machinery components, fasteners, seals, aerospace components, linear motion products, etc.

SKF is an international Group with some 190 companies, 80 factories and operates in more than 130 countries. 96 percent of sales are outside Sweden.

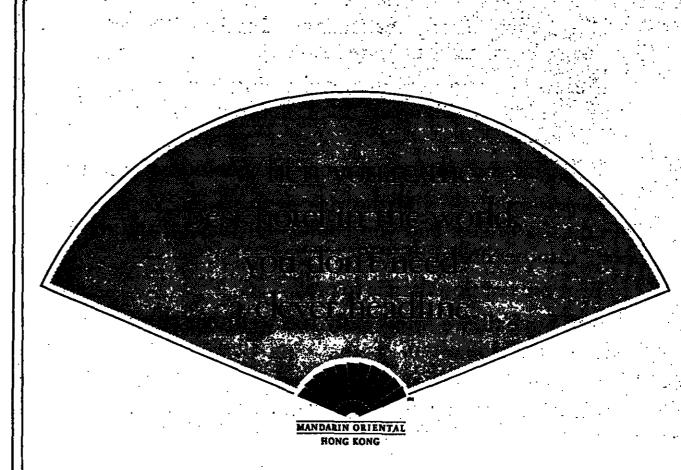
In 1987, SKF's sales increased to 19,604 (18,180) million Swedish kronor (SEK m), Income after financial income and expense was SEK 1,154m (1,247). In both years, these amounts have been calculated in accordance with a revised accounting principle for translation to Swedish kronor of the financial statements in highly inflationary economies.

World demand for ball and roller bearings continued to increase in 1987, notably in Brazil, India, South Korea and Thailand. There was overcapacity in the bearing industry, which had an impact on price trends, SKF increased its volumes at a higher rate than market growth, thereby improving its share of the world market. The integration of MRC, which was acquired in 1986, with SKP's other bearing operations in the North American continent, proceeded successfully. In Europe, several companies noted successes, whereas the West German and Italian companies encountered difficulties. in the Asia Pacific region, SKF strengthened its position through the foundation of new sales companies and representative offices in a number of places.

Capital expenditures for property, plant and equipment were SEK 1,126m (1,010). The expansion of rolling-bearing production in Brazil and India continued according to plan. Acquisitions during the year included Gamilior in Italy, the Transmatic companies in Sweden and Norway, and Ataco in the Netherlands.

SKF expects that earnings for 1988 will be on the same level as in the preceding year.

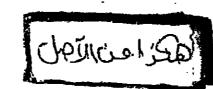
ALFA-LAVAL ASSI CARDO ELECTROLUX EUROC FFV MoDe NOBEL INDUSTRIES SWEDE PERSTORP PROCORDIA SCA SKF SKANSKA SWEDISH MATCH Promotion, Box 109 28. expires Oct 31, 1986



Since opening its doors almost twenty five years ago, Mandarin Oriental Hong Kong has become a legend, consistently earning the accolade of "The Best Hotel in the World". Just recently, this honour was again bestowed by the readers of Business Traveller magazine. Exactly what has made this hotel a legend is difficult to say. Perhaps

it is the unobtrusive attention to individual service. Perhaps it is its prime location in the centre of Hong Kong with immediate access to major business houses and luxury goods shops. Perhaps it is the superlative accommodation with balconied rooms and harbour views. But one thing is certain, it's again been nominated as the best. And that says it all.

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IT'S NOT ONLY COFFEE BRAZIL IS EXPORTING THESE DAYS.

So many babies are stolen in Brazil that some maternity hospitals now employ armed guards.

These babies are sold for up to £15,000 by baby-trade gangs, usually to childless couples from the West, including Britain.

Tonight on ITV, Roger Cook exposes the babies-for-sale scandal, following the story of one baby which was stolen at birth and trafficked to Israel.

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Japan considers steps to curb knitwear imports

JAPAN is considering measures to curb soaring Asian knitwear to a stark reversal of its trade role of recent years.

Imports of sweaters and knit-ted shirts into Japan jumped by 62 per cent last year to 244m units, mainly because of the strength of the yen. In the first two months of this year imports of knitted shirts alone jumped by

78 per cent. Japan's official stance has been to boost imports in recent years to help reduce the country's huge

trade surplus. But officials at the Ministry for International Trade and Industry said yesterday that imports of knitwear from South Korea, China, Taiwan and Hong Kong have been growing too quickly in recent months. This is disrupting the domestic market and damag ing domestic companies.

Their views sound surprisingly similar to those of US and European officials, who have long complained about alleged dumping and excessive exporting by

TRADE between the US and Soviet Union could rise from

\$1bn to \$15bn (£8.3bn) a year pro-

viding there is a "true political rapprochement" between the

superpowers, according to the president of the US-USSR Trade

sub-committee, Mr James Giffen, chairman of Mercator Corpora-

tion and president of the private Council, urged adoption by the US of an active long-term policy using expansion of trade and eco-nomic relations as "a carrot to

influence attitudes on other

inter-related issues rather than

rimarily as a stick."

The Congressional hearing on US-Soviet trade follows a visit to Moscow by hundreds of American businessmen, led by Mr William Verity, Commerce Secretary and a longitime adversary of

agreements on joint ventures with the Soviet Union.

pact was announced two weeks ago by Honeywell of Minnespolis,

The most recent joint venture

tary, and a long-time advocate of increased US-Soviet trade. In the growing trade detente, three US concernments have announced sion,

In testimony before a House

and Economic Council.

Mr Takashi Sato, Japan's Agriculture Minister, flies to Washington today in a last-ditch bid to solve a row over Japan's curbs on beef and orange imports, Reuter reports from

Tokyo.

Mr Sato will to try to persuade the US not to take the dispute to the General Agree-ment on Tariffs and Trade. Officials declined to say what concessions, if any, Mr Sato might make. But press reports speculated that Japan might agree to open its market fully to heef imports in three years and oranges in five.

Japan's knitwear row is an example of how fast Japan is changing – import growth of fin-ished products suddenly climbing out of control would have been almost unthinkable in Japan a

few years ago. Knitwear industry leaders and decide to take the issue to the members of the ruling Liberal MFA or seek official export quo-

US-Soviet trade 'could soar'

President Reagan was making a mistake by threatening to veto the omnibus trade bill,

because Congress was unlikely to pass another version this

year, Senator Lloyd Bentsen, Senate Finance Committee chairman, warned, Reuter reports from Washington.

The Senate will vote this week on the trade bill approved \$12-107 by the House of Representatives last Thurs-

which has negotiated a deal to

automate Soviet fertiliser plants.
At least 50 US companies have

formal proposals pending for

joint ventures, and 14 of those

The subcommittee also heard

are said to be nearing comple-

concerns about the trade expan-

sion, particularly about the estab-

Eshment of a US-Soviet energy working group.

Mr Roger Robinson, a former

National Security Council offi- tant future. . . I could recomcial, warned that the Interna- mend otherwise," he said.

Miti to bring the issue to the Multi-Fibre Arrangement, an agree-ment under Gatt which provides a framework for regulating trade

In talks with trade officials from South Korea and China this week, Miti will ask for voluntary export restraints from those

We don't think voluntary insisted Mr Motoo Moriya, executive director of the Japan Knitting Industry Association, yester-day. "Invoking the MFA will be

If requests for voluntary restraints fail, Japan is considering two separate kinds of action. Japan's knitwear industry says it may launch anti-dumping suits against the South Koreans or Chinese, the first such protectionist moves against the imports of finished goods by the Japa-

At the same time. Miti may

tional Energy Agency agreement signed by the US and its allies in

May 1983 "could be eroded by the

project remains vulnerable to an expansion of Soviet gas exports

and predatory pricing practices.

Mr Robinson also raised doubts about heavy Soviet borrowing of untied funds from Western banks

and called on allied governments to require greater discipline and transparency from the banks.

In other testimony, Mr Edgar Broniman, president of the World

Jewish Congress, recommended continuing in the short term US trade and credit restrictions until the Soviet Union "behaves like a member of the club."

"I hope that in the not tee dis-

Carla Rapoport on a ticklish price cartel dispute involving the EC

Japan faces sanctions over chips

OFFICIALS AT THE Ministry for International Trade and Industry (Miti) are working even longer hours than usual this week as defending it. "We are squeezed by the control of the control o they try to extricate Japan from one of its most ticklish trade disputes in recent memory. The problem is the 1986 US-Ja-

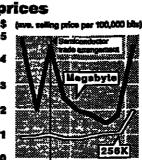
pan semiconductor trade pact. A recent ruling by the General Agreement on Tariffs and Trade (Gatt) rendered the pact illegal under international trade laws. The Enropean Commission, which sought the Gatt ruling, believes the pact amounts to a price cartel. If Japan does not meet the Gatt deadline of May 4 monitoring last November, when for revising or abandoning the it no longer linked approval of a pact, it faces sanctions from Brussela

In fact, Japan would like noth-In fact, Japan would like nothing better than to abandon the chip pact. The pact was negotiated under the threat of antidumping duties by the Americans, who aimed to stop the dumping of Japanese chips in the US and increase market share of foreign chips in Japan. The Europeans say however, that the peans say, however, that the pact's subsequent mechanism hich was introduced to stop dumping - under the name of price monitoring - unfairly raised the prices of Japanese chips for

defending it. "We are squeezed between the two giants. Both have different ideas," said a gov-ernment official in Tokyo yester-

Two further ironies make Japan's position even more uncomfortable. First, it claims to have stopped price monitoring last year. Second, both the US and Japan agree that dumping of chips has been successfully halted.

company's export licences to its cost and price data. The Gatt decision states, however, that this change did not satisfy the panel. Miti still collects product cost and export price data from Japanese companies and this alone is in contravention of Arti-cle XI of the Gatt code, it said. The US, for its part, has said that compliance with the Gatt decision is up to Japan. The Americans are not interested in how Japan stops and prevents dumping, they are only inter-ested in results. Even though they agree that dumping, for the time being, has stopped, negotiaSemiconductor prices



tors have firmly told the Japanese that they are against the abandonment of the chip pact.

"There are no measures which satify both sides," said a government official close to the dispute, But no matter what it does, who asked not to be against the area of the trade row which broke out in the sector in 1985, and 1986, without irritating Brusment official close to the dispute, But no matter what it does, who asked not to be against the area of the property o

isfy Gatt and the US. The US Government, they believe, would be hard pressed to retaliate against such changes as they were required by Gatt. Japan's decision is expected by the end of

this week,
Once a solution to the Gatt ruling is found, Japan believes that any trouble is more likely to break out within the US semicon-ductor industry, rather than in Washington. The US industry brought the anti-dumping action against the Japanese in the first place, while Washington trade officials are much more obsessed with the omnibus trade bill these

to continue some kind of watch-ful eye on its industry to prevent

who asked not to be named. Japan will have a hard time con-Europe is asking for total aban-donment of the trade pact, while the US believes that one or two things can be changed to satisfy Gatt, be said.

But no matter what it does.

Japan will have a hard time con-vincing Gatt and Brussels that their action actually worked.

"Prices will remain high because of the high demand/supply pic-ture at the moment in the world. The Japanese believe that some semiconductor market," further modification of what they admit is "soft monitoring" could As a result, Japan believes, the

the mine in June last year, but

problems on site have under-mined Occidental's goal of tap-ping the lucrative Asian markets

have diplomatic relations and

direct trade is, officially at least,

banned, but Dr Hammer is confident that trade relations between

China and South Korea do not

US takes EC soybean dispute to Gatt

By William Dullforce

THE US is taking its dispute with the European Community over soybeans to the General Agreement on Tariffs and

It will ask the Gatt council on May 4 to set up a panel to investigate EC subsidies on soybeans and other oilse which US producers claim have badly damaged their exports to Europe.

The latest agricultural trade conflict between the US and the EC was sparked off in January, when the American Soy-bean Association (ASA) filed a petition under Section 301 of the Trade Act, charging the EC with unfair trade practices.

EC policies had since been the subject of lengthy bilateral consultations which had produced no satisfactory settle-ment, the US said in its request to Gatt.

The ASA claims that US soybean exports to the EC have been cut in value from \$3.7bn a year five years ago to \$2bn last year as a result of the Community's oilseeds pro-

Under this, ASA said, European oilseed processors were forced to pay the equivalent of \$600 a tonne to European soybean farmers.

Compensating subsidies enabled them to earn higher profits from processing Euro-pean rather than imported soy-

In its request for a disputes panel, the US claims that the EC oilseed and animal feed proteins regime contravenes sidies on EC-produced prod-ucts that are not provided for

imports. Brussels has argued that the fall in US exports is due less to EC subsidies, which have long existed, than to measures it has taken to restrict beef and

dairy production.

The soybean dispute has been inflamed by parallel US charges that the EC has not followed through on last year's agreed to compensate US exporters for lost grain sales sion to the Community.

US electronics company to set

up in Malaysia

confusing signal this develop-ment sends abroad." AVNET, a leading New York-As part of that accord, the based electronic component distributor, is to transfer its international manufacturing Western governments agreed to limit their purchases of Soviet gas and to work closely with Norway to develop alternative gas operations from Taiwan to Malaysia, because of the sharp supplies.

Although the accelerated development of Norwegian supplies is on track, Mr Robinson said, the

manyan, because of the Sanap appreciation of the Taiwanese dollar and rising wage costs. The company is building a factory in Johore State, near Singapore, and production is expected to start in another When in full production next

year, the factory will be producing 3m turntables annually, as well as compact disc players, desktop computers, and integrated receiver decoders. Total annual sales are expec-ted to exceed \$100m (£53m).

Mr. Leon Machiz, Avnet president and chief operating officer, said total investments in Malaysia could be about \$20m-\$25m over five years.

The plant will employ 2,000

Hammer signs China contracts "iffy question", though he characterised the joint venture's diffi-

DR ARMAND HAMMER, the Occidental Petroleum chief.

Occidental Petroleum chier, signed two co-operation contracts with Chinese corporations yesterday, despite continuing problems with his largest China project, a \$750m (£416m) joint-venture coal mine in the northern province of

The new projects are a coal preparation plant in the central province of Henan, and a licensing agreement for the use of Occidental-patented technology for the production of phosphoric Occidental officials did not

reveal the value of the two pro-

while a state-run coking plant are that Chinese exporters have has the remaining 40 per cent. attempted to sell coal without The 25-year joint venture will securing letters of credit and for domestic consumption, and consulting Occidental.



jects, though a Chinese official largest Occidental venture and said the preparation plant ven-ture would have a total capital of project in China, the Antaibao Yuan 18.5m (£2.7m). coal mine, have been hampered Occidental will have a 55 per by disputes between the US com-

process 500,000 tonnes of raw coal appointed sales agents without



cent share of a joint venture com-pany, which itself has a 60 per cent share of the coal project. Among the other complaints

another 400,000 tonnes for export. Dr Hammer said in Peking yes production t However, export plans for the terday that the price of coal is an coal a year.

culties as "start-up problems", some of which had been solved. The first coal was shipped from the two countries will improve significantly after the Olympic games late this year in Seoul,

Dr Hammer predicted that the world price of coal would rise with the price of oil in coming years, but he said the joint ven ture would show a profit even if prices did not increase substantially in coming years.

Dr Hammer told a US Chamber

of Commerce meeting in Peking yesterday that he is "so bullish on our China prospects" that negotiations have begun for two further phases of the mine proj-ect, which would increase total production to 45m tonnes of raw



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Contact them on 0222 222666.

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French property fund to build **British portfolio**

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

TSB, the broadly based banking group, is to act as a channel for commercial property investment in the UK by the combined French savings banks.

It announced yesterday that it banking facilities, so that all their British transactions can be a compared with their British transactions can be a compared with their British transactions can be a compared with their British transactions.

d'Epargne at de Prevoyance, sterling accoun

had signed an agreement with their British transactions can be the Centre National des Caisses be conducted through a London

which links 5,500 savings banks to act as property adviser and banker for a new investment fund.

This investment fund, called

Pierre Represent 2 will attract the relationship with the French savings ship with the Fren

This investment fund, called is certainly not a one-off, but it is Pierre Ecureuil 2, will attract funds up to Ffr500m (£47m), from French savers. One third of the subscriptions will be invested in British commercial property.

Direct French investment in British property has never been high and this is the first time the savings banks have entered the sector. Until 1986 they were hindered in any case by French currency controls. creation of a Europe without frontiers by 1992.

rency controls.

The biggest French commercial frontiers by 1992.

TSB acknowledged that the deal was symbolic of "a more agressive sense of commercial ism" in the Group, which was floated on the Stock Exchange in loss and last year took over Hill ment companies.

Investment advice for Pierre floated on the Stock Exchange in Ecureuil 2 will be provided by 1986 and last year took over Hill TSB Investment Management Samuel, the merchant bank, which controls a portfolio of Later this week TSB will announce moves to weld Hill invested in UK and US property. Samuel into the TSB organisation.

Quadrex names new finance chief BY DAVID LASCELLES

QUADREX, the financial services among the most aggressive insti-firm run by Mr Gary Klesch, has appointed Mr Chris Holyoak chief problems completing its proposed appointed Mr Chris Holyoak chief financial officer from Credit Suisse First Boston where he was an executive director.

Quadrex, which has been Mercautile last year.

NORTHERN MILLS SEE THREAT FROM CHEAP TURKISH WOOLLENS

Weavers may seek limit on imports

BY ALICE RAWSTHORN

THE WOOL textile industry is considering lobbying the Gov-ernment to take action to restrain the growth in imports of chesp woollen cloth from

Turkey into the UK.
The Turkish textile industry the Turkish texture inautry began exporting woollen cloth two years ago to the UK. The Turkish cloth comes into the country at far lower prices — in some cases for half the price than comparable cloth made in the UK.

The UK's wool-weaving industry is concentrated in Yorkshire in northern England, where more than 200 mills employ about 25,000 peo-

MR JOHN MOORE, the Social Services Secretary, yesterday pledged the Government's determination to retain and build on the strengths of the existing

health-care system.

He told a London conference on US health care organised by

the Institute of Economic Affairs that health systems could not be transplanted from one country to

another like cuttings from a

"They invariably mirror a whole range of social, economic and even cultural factors in the countries concerned which makes wholesale transfer across national boundaries extremely difficult, if not impossible."

The Government's review of

the National Health Service will

continue for some time. Mrs Mar-

garet Thatcher, the Prime Minismost strikingly negative aspect ter, asked for the review earlier of the American health care

ple. It is concerned on two fronts. First, that the emer-gence of cheep Turkish cloth will reduce demand for its out-put. Second, that the availabil-ity of cheap cloth will depress market prices.

Although the volume of Turkish cloth imported into the UK is still relatively small, it is rising rapidly. Last year 158,708 sq m of woollen and 38,294 sq m of worsted cloth arrived in Britain from Turkey, according to the Confederation of British Wool Textiles.

This is significantly more than in 1985 when no woollen cloth.

Health minister pledges to build

on existing health care system

at ways of refining rather than

He said lack of comprehensive coverage was, in Britsh eyes, the

this year amid growing contro-scene.

Seene.

"Access to care regardless of in which it regarded the patient when that ministers are looking crucial to any system of health ity of choice.

cloth came from Turkey: So far the volume of Turkish cloth has been too low to destabilise the Yorkshire industry. But the weavers are concurned that if the present pace of growth continues, it could become a serious prob-lem depressing their output and causing job losses.

The weavers are anxio prevent a repetition of the problems facing the wool-spin-ning industry, which is also concentrated in Yorkshire. Imports of cheap actylic yarn from Turkey have in recent years escalated dramatically This surge in haports is one

care in this country and will not be sacrificed by this Government.

We do not want a system of cred-it-card care where the provision of decent treatment and the

means to pay for it are inextrica-bly linked."

Other weaknesses of the US stem, said Mr Moore, were

system, said air shorts, were reflected in the desparate search for ways of containing costs. "Where the producers and con-sumers of health care are divorced from the funding of that

care, which is provided mainly by a third party insur-er - there is an inevitable tendency for costs to rise as more and more care is demanded and

given, and there are few incentives to seek more cost-effective ways of doing things."

However, he said the US sys-

of the chief factors behind the slump in the spinning sector. Several mills have in the pest few months been forced to take emergency measures such as short-time working and redundancies. Two weeks ago redundancies. Two weeks ago Lister, one of the largest spin-ners, said it was to close a mill-tible loss of nearly 100

The CBWT larges that if it can persuade the Department of Trade and Industry to take pre-emptive action, perhaps by introducing quotas, it will avert the risk of the volume of Turkish cloth Imports from rising to "dangerous" levels.

Sunday ban

faces test

in Europe By Our Law Courts

BRITAIN's ban on retail trading on Sundays is to be challenged in the European Court of Justice. The challenge will be mounted

by B&Q. Britain's largest home hardware and "do-it-yourself" chain and part of the Woolworth group. B&Q was ordered by mag-istrates last month to pay a £250

was overridden by European law.

The prosecution agreed that
this was an arguable defence and
that the only way to settle the
matter was by a reference to the

Ward challenges order to return £5.2m Guinness fee

MR TOM WARD, a US attorney and former director of Guin-ness, the international drinks group, will today challenge a High Court ruling that the com-pany is entitled to get back 25.2m it paid him during the takeover tie for Distillers.

Mr Ward is not expected to attend the hearing in the Court of Append in London. Were he to do in he would risk immediate street under a warrant issued in conflection with the fraud squad investigation into the Guinness

East July the High Court ruled that the £5.2m, paid to Mr Ward

that the £5.2m, paid to Mr Ward
vis 2 Jersey company, Marketing
and Acquisition Consultants, had
at all times been Grimness's property and that the company was
entitled to immediate judgment
on its claim for the money.

Sir Nicolas Browne-Wilkinson,
Vice-Chancellor, the senior judge
of the Chancery Division, said
that the payment, which Mr
Ward asserted had been made for
his "valuable services" to Guinness during the battle with
Argyl for Distillers, had not been
disclosed to the full board as
required by the company's articles and the Companies Act.

Sir Nicolas said that Guinness's right to judgment did not
mean that Mr Ward might not be
entitled under his cross claim to
the company was a served that the full been such an agreement. If there
had been the company argued, it istrates last month to pay a £250 fine for selling a packet of picture hooks on a Sunday from its store in Shrewsbury, in the Midlands. At Shrewsbury, in the Midlands. At Shrewsbury Crown Court yesterday the company's appeal against its conviction under the 1950 Shopa Act, which prohibits most Sunday retail trading, was adjourned pending a raling by the Luxembourg court.

Mr Stuart Isaac, prosecuting for Shrewbury borough council, said that B&Q accepted that it was guilty of an offence under English law but claimed that this was overridden by European law.

mation 30 jets

mean that Mr Ward might not be entitled under his cross claim to some remuneration for his services.

The judge ordered the immediate transfer to Chinness of the services.

Pound may soon hit \$2, says NatWest

matter was by a reference to the European Court.

Mr Bavid Vaughan, advocate for B&Q said the campany had agreed to indemnity Shrewsbury council against any costs involved in the test case.

B&Q said it would continue seven-day trading.

A lawyer for the company said later that its defence was based on Article 30 of the Treaty of Bome which prohibits "quantitative restrictions on imports and all measures having equivalent This decline will result from a womening UK trade deficit and some upturn in inflation. At the

10 per cent of its stock from sup-pliers in other Europen Commu-nity countries. Its sales, and therefore the volume of those imports, would be restricted if it could not open its shops on Sun-

THE STERLING exchange rate by measures necessary to cut the could rise to 42 within two or US budget and trade deficits. three months, the NatWest Bank Worldwide inflation is prepredicts in a report published dicted to rise slightly. Among today.

Organisation for Economic Co-on-

The bank's latest economic forecast also says the pound's value against the West German currency could rise to DM3.20. However, sterling's strength will be temporary and there will be a fall "to more realistic levels" by the end of the year.

This dacline will result from a worsening UK trade deficit and some upturn in inflation. At the

some uptum in inflation. At the end of this year, the pound is expected to be worth \$1.81, falling to fall to \$2.5 per cent in 1968 but to \$1.70 at, the end of 1968.

Mr David Karn, the bank's following year. Unemployment, chief economist, predicts a excluding school leavers, is "marked slowdown" in world economic activity in the next two average 24m in the five years years. This will be forced largely 1989-93.

Spain in red and white.

Jerez (Sherry). For the perfect aperitive, ask for Fino, Oloroso. Amontillado, Manzanilla or Palo Cortado.

Rioja. Most famous of Spanish wines. The reds are perfect with meat.

Cava. Famous all over the world for more than a hundred years. Very good with main courses or dessert.

> Navarra. A soft, fruity rosé. Excellent quality. Ideal with rice, eggs, pasta and



Spain is blue like her skies and seas. Green like her forests. Golden like her beaches. Grey and brown like her mountains...

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Alella. Praised by Roman emperors, Alella is typical of wines from Barcelona province. Highly recommended with fish.

Rueda. Light and

fresh. A young

highest quality.

wine of the

Albariño. The most aristocratic wine of North-West Spain. Ideal with seafood.

Cariñena. Very strong aroma, excellent bouquet and body. Unbeatable with game.



Spain. Everything under the sun.

Assets		e Sheet on of DM)	Liabilities
	Vist Islinik		Cievillues
Liquid Assets: - Cash, Balances on Postal Cheque Account and with Central Banks	1	Liabilities to Banks at sight (incl. those maturing within one month) Liabilities to Banks for agreed periods of more than one month	5,633 5.722
 Balances with Banks at sight find, those maturing within one month) 	5,243	Current Accounts and Deposits: - Current Accounts (Incl. deposits	
Balances with Banks for agreed periods of more than one month	6,330	maturing within one month) - Deposits (agreed periods of more than one month)	2,669 2,556
Bills of Exchange	316	Debentures	43
Other Advances	4,141	Miscellaneous	286
Securities	2.384	Subordinated Loan Capital and Reserves	29
Miscellansous	235	Provisions for Contingencies and Depreciation	670 1,200
Fixed Assets	190	Profit and Loss Account: - Profit for the Financial Year	32
	18,840		18,840
Profi	it and L	oss Account	
Expenditure	_	n of DM)	Revenue
Interest and Commissions	846	Interest and Commissions	911
General Expenses	39		
Provisions for Contingencies	215	Other Income	228
Depreciation	6	Release of Provisions for	
Other Expenses Profit for the Financial Year	7 32	Contingencies and Depreciation	6
	1,145		1,145
The Itemized Balance Sheet and Profit a	ind Loss	bourg, Telephone 47 601, Telex 2558 DRI	NT LU (all

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Dresdner Bank International



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INTERNATIONAL Leisure Group, parent of the fast-growing independent airlines Air Europe of the UK and Air Europa of Spain, is to spend over \$1.4bn over the next five years on a fleet of 30 new surcraft — 22 mediumrange Boeing 757-200 and eight short-range 737-400 twin-engined

The deal, announced yesterday by Mr Harry Goodman, chairman of I.G. is the biggest individual jet order yet placed by a UK independent airline group.

Although the deal is still "subject to the availability of appropriate finance", there is likely to be keen competition from banks

be keen competition from banks and other institutions to partici-

If is expected that the aircraft will be bought, not leased.

The order will bring iLG's aircraft fleet to 58, meeting the needs generated both by its recent fast expansion and its planned growth.

The group has outstanding orders for four 757s and five 737-400s for delivery in 1989. It already flies eight 757s and 16 737s on European scheduled ser-vices and package holiday flights. Ten of the latter, however, are on short-term leases, and will be replaced by aircraft from the new order. The new 757s will be delivered from 1989 and the 737s from



have Franco-US CFM-56-3C uled network from Gatwick, Lon-

engines.

ILG is also planning to set up a the role of the UK "second force" large Boeing jet engineering and airline following the merger of maintenance base in the UK British Caledonian with British through Qualitair of Stansted, in Airways. which ILG has an interest. This Air Eu

"The demand for sircraft arising from the Group's activities required us to ensure availability of appropriate aircraft on advan- Milan, Oslo, Rome and Stock-

An Air Europe Boeing 757 at London's Gatwick Airport Rolls-Royce will share in the our commitment to the European deal, as its RB-211-535E4 engines aviation industry Air Europe flies an extensive holiday network from UK air

which ILG has an interest. This will create several hundred jobs at Qualitair.

Air Europe already has scheduled services from Gatwick to Paris, Brussels and Munich, and at Qualitair. Paris, Brussels and Munich, and Mr Goodman said yesterday: has licences for Amsterdam Copenhagen, Frankfurt, Geneva and Zurich. It has also applied for additional licences for Hamburg,

tageous terms.

This order satisfies this need it also sumplies aircraft to its and demonstrates the strength of associate, Air Europa of Spain.

Disputed ship passes test by inspectors By Kevin Brown

ONE OF the ferries at the centre of a contract dispute between British Shipbuilders and a Danish shipping company has passed an official inspection with "flying colours," the UK corporation said

British Shipbuilders said the examination was carried out by the Danish ship inspection authorities in Copenhagen after "wild allegations" about the ferries on Danish television last

"We have been told that it passed with flying colours, and the Danish authorities satisfied themselves about its standard. Our only comment is that the result of this test speaks for itself," the corporation said.

British Shipbuilders has can-celled a contract to build five fer-ries for VR Shipping of Copen-hagen because of a dispute over stage payments amounting to several million pounds.

Lawyers from both sides will

further 19 ferries will also be affected. The contracts, worth a total of

nearly £100m, are the only work in the order book at North East Shipbuilders (NESL), British. Shipbuilders' Sunderland subsid-

BBC to spend extra £200m on output

The ambitious programme money. plans, which include an extra The

affairs, were outlined yesterday • A new daily arts programme by Mr Michael Checkland, directon BBC 2, the minority and arts tor general of the public broad-related channel.

Mr Checkland said it was a • Confirmation of the comple revenues would be £6bn. news and current affairs, £26m a west London by 1990.

year will go to network television Thursday, but there are fears prices by about 2 per cent a year The BBC has 23,500 employees, that an associated contract for a imposing a cumulative squeeze excluding the external services

THE BBC plans to spend £200m because "we believe that the core more on programmes over the element of BBC services in the next five years, paid for in part 1990s has to be authoritative and by Job cuts of more than 1,000 powerful news and current between now and 1993. affairs. We are backing that with

plans, which include an extra The programme changes flom a year for news and current, include:

casting corporation, as he • An extra £2m each year to announced its first five-year budenhance peak-time programmes get which runs from April 1 this on BBC 1, the general interest

programme-based budget for a tion of the local radio network in period in which the BBC's total England and the move to a new corporate headquarters and news Apart from the extra money for and current affairs centred in The improvemennts can be

and the to regional programmes.

The sums involved are read include a lost cent cut in staff increases after the salverse effects costs in each of the five years, a of the licence fee being linked to process which Mr Checkland said the retail price index have been would mean a loss of at least absorbed. Broadcasting inflation 1,000 jobs through natural wastends to run absed of retail age and early retirement.

on BBC finances. The licence fee and BBC Enterprises.

must be paid by all those in Mr Checkland said his five-year Britain possessing a television budget, approved by the BBC set. set. governors on Thursday, was Mr Checkland said that the intended as a coherent policy to extra money for news and cur-enable the corporation to face all rem affairs, which now cost 270m the forthcoming changes and a year, had been allocated competition in broadcasting.

COST-CUTTING PROGRAMME AIMS TO RESTORE PROFITABILITY

Midland Bank restructures its network

attempt yet to bring its costs in line with competitors.

£505m after making an excep-tional provision of £1,016m against loans to borrowers in countries with payment difficul-

An indication of the importance the bank attaches to the taker, abandoning, for example, new initiative is the appoint the bank's multimillion dollar

MIDLAND BANK, the third largest British commercial bank in asset terms, has started a far-reaching programme of rationalisation and reorganisation. It is its most serious with the banking tive director of the bank in January this year.

"Megabank" electronic banking operation.

"Megabank" electronic banking operation.

Now the emphasis will be on the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integration of operations with the banking unions operation.

It is its most serious with the banking unions operation.

It is understood that the new integral the integration of operations with a view to cutting costs. Each of the integration of operations with a view to cutting costs. Each of the integral that the integral that

objectives, the effect on its profit-ability will be dramatic. Last at the invitation of Midland year it made a loss before tax of chairman Sir Kit McMahan in the chairman sir Kit McMahan i chairman Sir Kit McMahon to nology he could be described as supervise the reorganisation of Midland's "chief operating offiMidland's electronic banking and cer". management services depart-

He quickly gained a reputation as a tough and incisive decision-

Mr Lockhart joined the bank as status to the heads of Midland's three main operating division UK banking, global banking and investment banking. In US termi-

> Midland's costs have traditionally been up to 10 per cent higher for every pound of income than other UK clearing banks, chiefly structure. Each division, for

management responsibility for their customers and their products but Mr Lockhart will be responsible for providing com-mon support services, both human and electronic.

"My job will be to improve the quality and reduce the unit cost of these services. The basic objective is to develop a group utility,"

He said that the reorganisation would involve both shedding

the three divisions will retain programme was initiated after management responsibility for Sir Kit McMahon late last year rejected plans to bring costs down over a period of five years, arguing that a much shorter espan was essential

Mr Julian Robins, an analyst with stockbrokers Barclays de Zoete Wedd, said yesterday the Midland reorganisation would meet with City of London approval: "Midland is always tak-ing about cutting costs" he said "but it has never really succeeded. This ought to show people that it is now serious".

Government

to look into

surcharges

The Government is to investigate

fuel surcharges levied by tour operators on holidays while avia-

tion fuel prices are falling, follow

holiday

in Brief

Lawson wins backing for stable pound but is challenged over intervention

MR NIGEL LAWSON, Chancellor of the Exchequer, yesterday won broad backing from a key House of Commons Committee for his policy of seeking to stabilise the pound, but faced strong criticism over the scale of official currency ntervention. The committee's recommenda-

tions, published in a report on the Budget, came as sterling fell against both the dollar and the D-Mark after Mr Lawson's weekend comments that a further rise in its value would be unsustaina-

ble.
The Treasury and Civil Service Committee report says that unrealised losses on the Bank of England's foreign currency purses last year could turn out to he as high as £1.3bm.

It criticises the Treasury's refusal to detail the exact level of intervention and says that in future such operations should be confined to "smoothing" move-ments in exchange rates rather than trying to reverse underlying rends. exert additional downward pres-in that respect, the Committee sure on inflation, adding: "There

SENIOR ministers are trying

to devise a package of concessions to deal with problems caused by this month's changes in housing benefit, before a possible further House of Commons revolt by Conserting

the commons revolutely varies MPs tomorrow.

Treasury and social security ministers were last night holding intensive talks, which will

today involve Mrs Margaret

This follows warnings by Tory

Parliamentary managers of widespread backbench concern

about the ceiling of £6,000 in

savings and capital assets

above which a pensioner will, following the benefit reforms,

BY PETER RIDDELL POLITICAL EDITOR

recent dispute with Mr Lawson over how far the authorities can against the US Dollar (\$ per \$)
1.90
1.86
1.82
1.78
1.74
against the D-Mark (DM are \$) "buck the market". It also high-lights the Chancellor's failure to meet the Government's own targets for lower inflation. The medium-term targets have been consistently missed since Mr Lawson took office in 1983. gainst the D-Mark (DM per £) The report, however, is also sympathetic to Mr Lawson's view 3.12 3.08 that a further rise in the pound's value would be damaging to industry and might not in itself lead to further reductions in 3.04 3.00 In a rather tortuous analysis - apparently reflecting both the

need to reconcile the views of Conservative and Labour MPs and a desire to tread a middle way between the Chancellor and Prime Minister - the committee says that the Government can influence the markets through interest rates and fiscal policy.
It adds that a short-lived rise in the pound's value would not

Ministers seek to defuse fresh Tory revolt

stable exchange rate is both a more effective counter-inflationary pressure and more likely to this year.

stance of economic policy, the nervous trading to close at MPs point to a number of signifi-single state of the Govern-tively. Both Mr Lawson's weekment first took office in 1979.

They conclude: "The dogmatism of earlier years has gradually ures for March contributed to the

Treasury and force its hand by

leaking demands for a £100m

package of concessions.

The opposition Labour Party has initiated a short-debate on

the issue tomorrow afternoon

and has framed a motion

intended to attract the support of Tory doubters, at least into

The Government is normally

relucant to announce conces-

sions during an opposition debate, but some action is regarded as essential to meet the worries of normally loyal

Conservative MPs, particularly

those from more prosperous areas in the south with large

The Parliamentary manag-ers were yesterday being given

numbers of pensioners.

The report voices concern about the present rapid growth of credit demand in the economy. Against that background the size of the tax cuts announced in the Budget involve a risk of "over-heating" and of a further widening in Britain's trade gap. The Government should be willing to consider increases in public spending as well as tax cuts in

the Budget.
In financial markets yesterday doubts over the Government's exchange rate policy unsettled sentiment, with prices for longdated gilt-edged securities falling by up to % of a point. Yields on long-dated bonds at 9.40 per cent

ensure that British industry remains competitive."

In the foreign exchange marremains competitive."

In a more general review of the and 1½ pfennigs in active but

the message that Tory MPs expected action to deal with anomalies and hardship cases

as well as at least a promise or clear hint about action this

antumn on the £6,000 ceiling.

about granting excessive con-cessions after what is regarded

all, about half the £3.5bn Trea-

sury reserve for unallocated public spending in 1988-89 has

and a £8m/£9m conc

already been tied up.

The Treasury is cautious

ing recent criticisms of such charges, writes David Churchill. The three largest tour opera-tors – Thomson Holidays, Inta-sun, and Horizon – have refused to guarantee that no surcharges will be levied. The Trade Department said yesterday that independent auditors were being asked to investigate whether or not fuel surcharges imposed in five cases referred to it by the Office of Fair

> Medical pensions Scottish Widows Fund and Life Assurance Society, the life com-pany, has been selected by the Medical Insurance Agency to pro-

vide pensions for the 17,000 mem-bers of the Royal College of Gen-Zero Defects to UK Zero Defects, US electronics

group, is to set up a 6,000 sg ft (558 sq m) contract plant at Livingston in Scotland to make cable wire, printed circuits and £66m shop for sale Electricity Supply Nominees, the

London's Victoria district, up for Nationwide rate cut Nationwide Anglia, Britain's

electricity supply industry pen-sion fund, has put Southside, a big office and retail building in as an expensive 10 days. A number of public expenditure commitments have been made, notably the higher than expec-ted £750m cost of the nurses and other medical pay awards health service charges. Over-

third biggest building society, is to cut its mortgage rate to 9.75 per cent from 10.3 per cent from May 1.

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lose entitlement to housing benefit. Security to put pressure on the Britain 'will meet own oil needs into next century'

BY STEVEN BUTLER

THE UK should be self-sufficient third highest level since it began in oil and gas into the next century, Mr Peter Morrison, the Energy Minister, said yesterday.

His comments coincided with jects, twice the total last year.

dom.

Mr Morrison, who said there
47.6m cu m.

The estimates of proven and development drilling during 1986, described 1987 as a year of recovery. He added that exploration coveries and to reappraisals of producing reservoirs. and appraisal drilling was at the producing reservoirs.

Discussions have centred on the extent to which any con-cessions should aim at dealing

with unforeseen cases of hard-ship and anomalies affecting

the most needy, or whether they should go further and raise the £6,000 ceiling to, say,

Firm decisions had not been

taken last night. Government

officials accepted a change to

all, would represent a change of policy and a reversal of

Some ministers were irri-

tated by what they saw as bla-

tant attempts by the Department of Health and Social

the publication of the Energy
Department's annual review of the UK oil and gas industry. The
Development of the Oil and Gas
Resources of the United KingDevelopment of the United KingDevelopment of the Oil and Cas
Resources of the United KingDevelopment of the Energy
Oil production reached 123.3m

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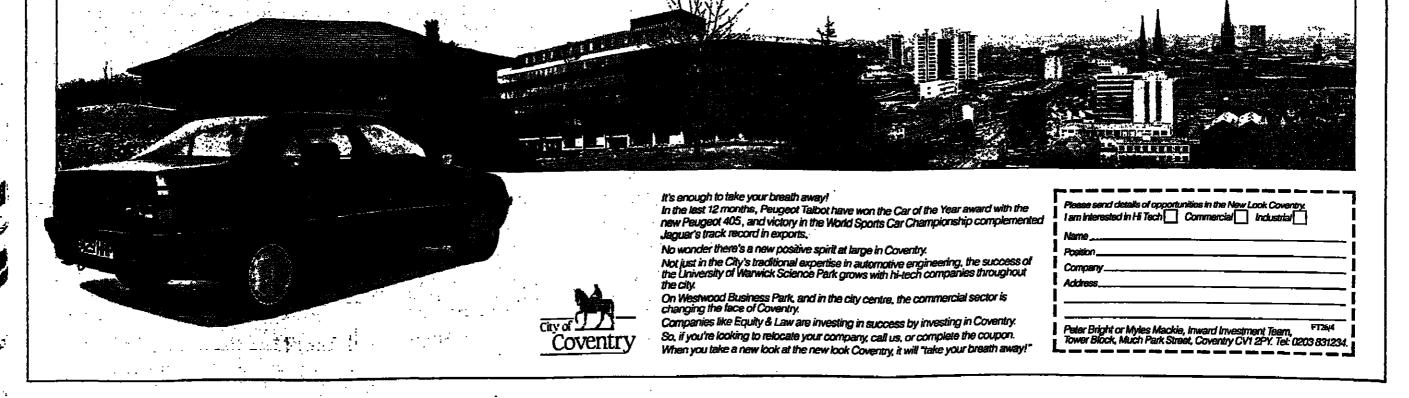
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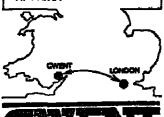
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beat anywhere. Gwents professional industrial Development Team are ready to provide a free and confidential consultancy service. Ring us on 0633 838867 or write to Gordon Probert, County Planning Officer, Gwent County Council, County Hall, Cwmbran, Gwent, NP44 2XF.



FT LAW REPORTS

Conspiracy claim can go ahead

METALL UND ROHSTOFF AG

V DONALDSON LUFKIN & JENRETTE INC AND ANOTHER Queen's Bench Division
(Commercial Court):

Mr Justice Gatehouse:
March 29 1988

PREDOMINANT purpose to injure the plaintiff is not an essential ingredient of civil consultation. Both defendants ingredient of civil consultations against the plaintiff alleged with other types of the consultation and conspiracy.

In ot concerned with other types of civil conspiracy.

It was therefore only in the another type of conspiracy, in the analysis of the process of the court, where the damage causing act would not be tortious if committed by one person alone, that a should be accountable as constructive trustee.

PREDOMINANT purpose to injure the plaintiff is not an essential ingredient of civil conspiracy.

Metall sought remedies against the civil conspiracy.

It was therefore only in the another types of conspiracy, where the damage causing act would not be tortious if committed by one person alone, that a should be accountable as combination to commit the act might make those so combining liable.

It would then do so only if the plaintiff alleged and proved that there are an arguable case that there was an abuse of process.

Metall sought remedies against the civil conspiracy.

It was therefore only in the another types of conspiracy, where the damage causing act would not be tortious if committed the process of the court, where the damage causing act would not be tortious if committed the plaintiff alleged that there are an arguable case that there was an abuse of process.

Metall alleged that AMI., because of its fluctary relations would not be tortious if committed the plaintiff alleged and proved the process of the court, where the damage causing act would not be tortious if committed the plaintiff alleged and proved that there are an arguable case that there was an abuse of process.

Metall sought remedies against civil conspirately.

It was therefore only in the another types of conspiracy.

It was therefore only in the another types of conspir

essential ingredient of civil conspiracies other than the anomalous tort of conspiracy to injure commercially; and accordingly, conspiracy proceedings against defendants who arguably combined unlawfully to advance their own interests will not be set aside on the ground only that the plaintiff does not allege a predominant purpose to injure.

order.

On an application by a defendant the conspirators' sole or predominant purpose was to injure his commercial interests, not to advance their own interests, not to conspiracy to its established field, which required proof of predominant purpose to injure the various paragraphs of Order the plaintiff. It would be most purpose to injure that the conspirators' sole or predominant purpose was to injure his commercial interests, not to commercial interests, not to conspiracy to its established field, which required proof of predominant purpose to injure the plaintiff does not allege a plaintiff alleged and proved that the conspirators' sole or predominant purpose was to injure his commercial interests, not to conspiracy to its established field, which required proof of predominant purpose to injure the conspirators' sole or predominant purpose was to injure his commercial interests, not to conspirators' sole or predominant purpose was to injure his commercial interests, not to commercial interests, not to commercial interests, not to commercial interests. essential ingredient of civil con-spiracles other than the anomaredominant purpose to injure. Mr Justice Gatehouse so held Mr Justice Gatehouse so held when refusing to set aside leave obtained by Metall und Robstoff AG to serve proceedings out of the jurisdiction on Donaldson an act committed within the ultimate holding jurisdiction. The paragraph in Delaware, the ultimate holding company in the DLJ group. Its subsidiary, ACLI, also of Delaware and parent of AML Holdings Inc., was second defendant to the action.

The case was concerned with had intended to alter radically order in rule(1)(1) – "the claim is the nature of all those long-recognised types of conspiracy known as "illegal means" conspiracies, where predominant purpose had hitherto been immaterial. It followed that Metall had sufficiently alleged a conspiracy to steal its warrants.

The exist was concerned with had intended to alter radically order in rule(1)(1) – "the claim is the nature of all those long-recognised types of conspiracy known as "illegal means" conspiracies, where predominant purpose had hitherto been immaterial. It followed that Metall had sufficiently alleged a conspiracy to steal its warrants.

The exist was sustained or resulted from as "illegal means" conspiracy known as "illegal means" conspiracy known in the purpose had hitherto been immaterial. It followed that Metall had sufficiently alleged a conspiracy to steal its warrants.

The exist was second defendant to the damage of an act committed within the purpose had hitherto been immaterial. It followed that Metall had sufficiently alleged a conspiracy to steal its warrants.

The exist was concerned within the nature of all those long-recognised types of conspiracy known as "illegal means" conspiracies, was substained or resulted from as "illegal means" conspiracy known as "ille

the action.
[In Allied Arab Bank v Hajjar, FT March 16 1988 Mr Justice Hirst gave a decision to the con-trary effect.]

HIS LORDSHIP said that Metall. a Swiss company, traded on the London Metal Exchange through brokers, one being AML. In 1982 Metall's chief aluminium trader, a Mr Glazer, gave instructions to AML to open miscellaneous accounts bearing various names.
Officers of AML knew that Mr Glazer was trading the miscella-neous accounts in fraud of his knowledge of certain officers of act was con AML's parent companies, ACLI jurisdiction.

constituted fundamental breach of contract between AML and its principal, Metall.

The main breaches were that 173, 188, 189.

AML entered into financing In Lonrho although Lord In the previous action AML transactions with Metall under Diplock used phrases which had counterclaimed a declaration which it lent Metall \$31.8m prima facie appeared to refer to that Metall was liable on the misagainst the security of metal war all types of civil conspiracy, the callaneous accounts, and that rants, but seized the warrants for its own use. It refused to pay some £8.25m due to Metall from its trading on the metal exchange, and it seized certain other warrants belonging to Metall which it held in London in

safe keeping.

In an action by Metall against
AML Mr Justice Hobbouse gave
judgment against AML for over
150m. Metall recovered only 56.7m. AML was now in liquida-

either that the consequential cial factual issue in the action.

damage was sustained within the There was therefore a good argujurisdiction, or that the damage able case in conspiracy. resulted from an act within the parisdiction.

"Act" was differentiated from
"tort" and the plaintiff was no
longer concerned with the problem of where the cause of action arose when different elements in the tort occurred in different

jurisdictions.

It was now enough for him to accomplish defeat of the claim, and a dishonest defence could not act was committed within the maning of the tort.

in the tort of conspiracy, as a result of the House of Lords decision in Lourho v Shell [1982] AC

House was considering only one AMI, was justified in retaining type, usually known as "conspirary to injure a man in his trade or business" — in which the act is also, were entirely within the causing damage would not be ambit of the dispute on which the actionable in tort if committed by one person alone, but might become actionable if committed pursuant to an agreement or combination between two or

more people.

With that curious feature in mind Lord Diplock described it as an "anomalous tert". Lombo was

base his claim on tort, was enti-tled to seek any relief available within the jurisdiction of the

If his cause of action aros

from a tort he might seek any appropriate relief or remedy,

whether damages at common law or equitable relief. Order 11 was concerned to

limit the causes of action in respect of which service out of the jurisdiction might be ordered.

It was not concerned to limit the remedies. The defendants' arguments were not accepted.

Metall also claimed damage for "procuring breaches of trust"

The court was not persuaded that English law recognised such

the damage, wherever suffered resulted from an act committee

resulted from an act committed within the jurisdiction within Order ii rule(1)(f).

Metall's damage resulted directly from AML's acts in London. The plan was principally hatched in New York and worked out there, but it was put into effect by AML in London.

AML's two available causes of action, for consultant and reserve.

action, for conspiracy and procur-ing breaches of contract, together with the remedy sought, fell

within Order 11. London was the appropriate forum.

For Metall: Mark Waller QC, Raymond Jack QC, Isin Geering and Louise Edwards (Herbert

For DLJ: Samuel Stamler QC, Ian Glick QC and Thomas Ivory (DJ

Preeman & Co)
For ACLL: Anthony Grabiner QC
and Nicholas Stadlen (Freshfields)

THESE REPORTS are published in volume form with the full text of judgments. For subscription

details contact Kluwer Law Publishing, Africa House, 68 King-

Rachel Davies

The final question was whether

English court.

science, and not claims "founded on" tori.
A plaintiff relying on Order 11 rule 1(1)(0), who must accordingly

Surprising if the House of Lords
The case was concerned with had intended to after radically

The new rule was wider. The action had to be founded on a of and joined in the dishonest tort as before, but it was sufficient if the plaintiff established conspirators, would be the crucither that the consequential cial factual issue in the action.

able case in conspiracy.

Metall also alleged abuse of process of the court. There appeared to be no reported case in which the con-duct of a defendant in defending

an action had been held to amount to an abuse of process.

The defence of a civil action

and DLJ.

Mr Stamler for DLJ contended

In February 1983 AML to protect its seriously exposed position and the miscellaneous accounts, falsely asserted they were Metall, no arguable case in condetting the model of the tort.

Mr Stamler for DLJ contended

Dishonest defences and claims were a frequent enough occurrence, for which the law provided or remedes such as draconism costs of events were set in train which was now an essential ingredient to public policy if a separate remedies such as draconian costs corders or prosecution for perjury. It would be curious and contary to public policy if a separate action were available to every party who could establish the facts and prove consequential

court was adjudicating. sway, London, WC2B 6BD. Tele The facts relied on did not phone 01-831 0391

NOTICE CONVENING THE ANNUAL GENERAL MEETING POSTPONEMENT

The Shareholders are hereby notified that the Annual General Meeting, that had to be held, for a first call, on April 29 1988 will be held, for a second call, in the Conference Room of the Company of Offices, Via Bertola n. 34, Turin, at 9 a.m. on May 20 1986, as provided by the notice convening published on the Official Gazette, no. 86, on April 13 1988.

> Michele Giannotta President

GRUPPO IRI STET

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TŁL.

revival, displayed further strength. And the D.I. for export oriented

industries, such as electric equip-

ment, machinery, and automobiles,

which had been slower to recover,

indicated a narrowing of the ratio

between those expressing a favor-

able outlook and those predicting

The following factors contribute

to the favorable outlook: (i) The

continued expansion of domestic demand has resulted in increasing

domestic sales, even for export

oriented industries. (2) The rise in

capacity utilization because of the

increase of industrial production

has caused a decline in break-even

points. (3) Efforts to adjust to the

strong yen have achieved a reduc-

tion in costs through the purchase

of low-priced materials from over-

seas. As a consequence, current

profits of the principal manufactur-

ing enterprises are projected to

show a 38 percent increase in fiscal

ity investments by manufacturing

companies have shown rapid recov-

ery (see Table). In 1988, capital in-

vestment by principal industries are

expected to grow steadily from

1987 onward, especially those in-

tended for production increases

and the expansion of sales net-

works by the materials industries.

Under these circumstances, facil-

an unfavorable one.

as well as processing industries' rationalization, labor-saving measures, new product development

spid recovery in imports and

and R&D

Imports have rapidly increased Diffusion Index (indicated by the owing to a continued rise in domestic demand. Major increases in food favorable outlook minus the ratio of and industrial products are particularly noteworthy. Imports of industrial products have shown high rates of increase across the board. from construction materials such as ble). In the manufacturing sector, in steel and petroleum products, to particular, the D.L. gained 15 percenconsumer goods including automobiles and electrical appliances. tage points over the previous survey (▲4→11). Materials inclustries This has been the result of rising such as chemical, pulp, and paper, domestic demand as well as the which had shown signs of recovery price stability brought on by the in the early stages of this economic

appreciated yen. On the other hand, exports have shown ups and downs. The combined effects of the movements in exports and imports have led to a steady improvement in Japan's trade imbalance. The trade surplus in February based on custom clearance figures amounted to only US\$5.2 billion, for the tenth consecutive month of year-to-year de-

Commodity prices are displaying a favorable stability. The wholesale price index showed a year-to-year decline in January, for the third consecutive month. This is due to: (1) the looser domestic supply and demand situation caused by increased imports of products and materials, spurred by the strong yen; and (2) restrained oil price movements due to increased OPEC production.

Long-term expansion desired

Simply see see

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in to the PA-2. #

Within itn g

HALL IT COMM

Japan's economy is expected to continue expanding following the strength of domestic demand. However, if the basic demand/supply balance is excessively strained by overheated demand, price stability may falter, making further expansion difficult. Thus, it appears to be important to maintain a reasonable rate of long-term expansion by carefully balancing the economic situations with foreign partners.

Talk it over with DKB The international bank that listens.



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The next DKB mostlely report will appear May 26.

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At the 113th Annual General Meeting of the Society held on Monday, 25 April 1988, the President, Mr. T. George Turnbull, reported on the financial year to 31st December 1987.

"Assets increased by 26.81% to £967 millions..." *Over 59,000 new savings accounts were opened in

*£15.1 millions was added to our reserves, which now exceed £48.2 millions... "A record £309 millions was advanced for house purchase — an increase of 38.7%..."

LEEDS RUBLING SOCIETY

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All you ever need to know London: 01-251 3333 Brussels: 02-219 1607 New York: 212-513 1570 Increasingly ratio of companies predicting a those predicting an unfavorable outlook) showed significant improvement over the previous survey conducted last November (see Ta-

favorable signs in Japan's economy

Japan's economy continues to grow steadily mainly because of stable growth in personal consumption, housing investments, and facility investments by the non-manufacturing sector. Also, the implementation of the Emergency Economic Package, from the latter half of last year, has further increased public investments. The

rapid expansion of facility investments by manufacturing industries is now propping up the economy.

A brighter outlook for the manufacturing sector

According to the "Short-term Economic Outlook Survey conducted by the Bank of Japan in Feb-

Rapid Recovery in Manufacturing Sector

Business Claticols		1986 Nov.	1987 Feb.	May	ADQ.	flov.	1988 Feb.	Jun. (Forecast)
"Favorable" minus "Unfavorable" (Percentage of answers to total)	Manufacturing	≜2 5	▲27	▲ 27	≜ 22	<u>å</u> 4	(1) 11	16
	Mon- manufacturing	7	6	8	12	19	(19) 28	· 26
Current Profit (Percentage change		1986 (F.Y.) L.H.		1987 (F.Y.) F.H.		1967 (F.Y.) L.H.		1988 (F.Y.) F.H. (Forecast)
from previous quarter)	Manufacturing	15	5.7	20.0		(7.0) 14.3		0,1
	Non- manufacturing		3.9	. ,	2.3		2.1) 0.2	5.6
Capital Investment (Percentage change from previous quarter, seasonally adjusted)		(F.	165 .Y.) .H.	(F.	67 Y.) H.	(F.	87 Y.) H.	1988 (F.Y.) (Forecast)
	Manufacturing	A 1	14.2	-	3.3	(12.9) 13.0		7.0
	Non- manufacturing	1	11.9	10.2		(6.9) 3.5		1.7

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Why the future of US chip makers is in Risc

Louise Kehoe examines the race to grab market share in the emerging market for Reduced Instruction Set microprocessors

THE GLOVES are off and Ameri- for Apple Computer's popular upon its company's size, reputacan chip makers are preparing Maciniosh PC. for the brawl of the decade, a fight over market share that is reminiscent of the "good old industry, before "Japan Inc" became a common foe and mellowed competition among fellow

The new battleground is the fast growing market for Risc (Reduced Instruction Set Computer) chips, and appropriately the product that has rejuvenated the industry's youthful vigour is itself a throwback to the days before microprocessor chips grew to become the staple ingredient of all sorts of electronic systems. 'Risc processors" represent a "back to basics" movement in the design of microprocessor chips, the "brains" of computer systems. Risc is a radical departure from the trends in micropro-cessor design that have shaped the development of six genera-tions of ever more powerful and 15 years (see accompanying arti-

Risc chips are quickly gaining support in the computer industry. Already, several computer companies, including Sun Microsystems, Tektronics, Stratus, Cromemoo Unisys and ICL, have adopted Risc chips for current or future products, while Hewlett-Packard and IBM (for one product) have developed their own

Risc processors.

"Risc is a way of starting over in the computer industry. It's a way of coming up with a new beginning," suggests Richard Shaffer, industry analyst and principal of Technologic Partners. It is the prospect of this new beginning that has excited the chip makers which supply the computer industry.

Until recently, the market for high-performance microprocescompanies: Motorola and Intel. Intel's chips dominate the personal computer market. Its latest 32-bit microprocessor, the 386, is the "brains" inside a host of high-performance personal com-puters (PCs), including models from IBM and Compaq. Motorola, meanwhile, has

established its 68000 family as the winger in the market for computer workstations, and is also the supplier of microprocessors

With the emergence of Risc processors, however, all of a sudden the microprocessor contest is wide open again. "We haven't had this many companies competing over the heart of a machine since the early 1970s," says Shaffer.

Contestants in the Risc chip battle include established semiconductor makers, growing application-specific chip companies, semiconductor start-ups and com-puter makers which have licensed their in-house chip

esigns to others. Sales of Risc chips, which are forecast to total about \$58m this year, are projected to climb close to \$500m by the mid-1990s, according to Dataquest, the mar-

ket research company.
In this early stage of the Risc chip market, the goal of competitors is to sign up computer and software companies as supporters of their chips. Ultimately, each hopes to establish its design as industry wide standard, just Intel has made its microprocessors the standard chips for personal computers.

• The largest, most recent, and most aggressive entrant in the Risc market is Motorola, which to run away with the Risc chip

Motorola's 88000 performs 14-17 MIPs (million instructions per second), five times greater than any competing Risc chip. What is more, the company promises to increase its Risc product's performance by shrinking the chips. The chip maker has also entered into an agreement with Data

'We have not had this many chip companies in competition since the early 1970s'

General, the mini-computer man-ufacturer, to develop an incredichip. It aims to make this available in 1991. For Motorola, the challenge of

Risc is both an opportunity and a threat. As a major supplier of conventional microprocessors, it has seen its market encroached upon by new Risc chip suppliers. The company has, however,

launch its own Risc chips, and

has already drawn up an impressive list of costomers. With its entrance into the Risc market, Motorola is performing a balancing act, aiming to attract potential Risc chip customers while not distracting others from its main-line conventional microessful, then that balance may become difficult to sustain.

marketing efforts is expected to focus on the market for "embedded controllers". These are microprocessors that are hidden in products ranging from auto-mobile dashboards to missile guidance systems. In this sector, Motorola will run headlong into its traditional rival, Intel Corpo-

 Dipping its toe into the hot this month launched a new family of microprocessor chips for embedded control applications. The new 80960 chips incorporate elements of the Risc design approach but are not true Risc

market for Risc chips is an Illusion and that all types of microprocessors will compete based upon their performance and cost-of-implementation advantages.

Intel's apparent disregard for ntum building behind Risc could be a major blumder Alternatively, as some see it, the "king" of the microprocessor market may continue to reign through a period of market con-

Intel's power base, as the sup-plier of high-performance microprocessors to the personal com-puter market, is unlikely to be threatened by Risc chips. Most Risc chip suppliers, in fact, have avoided the personal computer market, to concentrate on indus try areas that do not have estab-• One exception is VLSI Tech-

nology, a semi-custom chip sup-plier that has developed a Risc chip design in conjunction with Britain's Acorn Computer. Acorn uses the VTI chip in its new Archimedes personal computer. Olivetti, which owns 70 per cent of Acorn, is also said to have

blinding speed, VII and Acorn claim a price advantage for their relatively low-performance chip, It may be difficult, however, to sell Risc simply on the basis of

> For Motorola. the challenge of Risc is both an opportunity

Risc chip that the computer

electronics, the US subsidiary of makers to manufacture and sell the Japanese electronics giant, to its design.

manufacture and market its chip Several technology and market design. Current versions of factors have combined to build

In July.

Sun has also licensed some Risc computers feasible. The major computer companies growing sophistication of autoincluding AT&T. Unisys, Xerox matic chip design systems has and ICL to use SPARC, in addition, the computer company has microprocessor business to chaltive of "semi-custom" chips, and Cypress Semiconductor and Ripolar Integrated Technology, two start-up semiconductor concerns, puters called "workstations" with start-up semiconductor concerns, the rights to manufacture and

Tandem, Rolm, Prime and The emergence of Risc chips Ardent Several software firms into the mainstream of the com-

SPARC achieve a performance of momentum behind the switch to won support based upon their 10 MIPs, but Fujitsu recently Risc. On the technology side, the announced that it will begin sell-development of fast memory ing an ungraded 15 MIPs version chips that can feed data to a Risc processor very quickly has made

puters called "workstations" with performance beyond that of conand a threat

The rights to maintacture and market SPARC.

Products from MIPS Computer
Systems are also a major factor
in the Risc market. The company is beginning to stretch the caparater of the excitence of the excitence of the excitence of the miles chip, a 20 MIPs caparater of the microsystems' SPARC, a porters of the MIPS chip include

Sun Microsystems' SPARC, a porters of the MIPS chip include

Tandam, Rolm, Prime and

The emergence of Risc chips ventional personal computers.

n its high-performance have also said that they will creputer industry is, however, nachines.

Sun has licensed Fujitsu Micro-Like Sun, MIPS has licensed chip establish Unix, its computer operating system, as an industry-wide standard. Agreements between: AT&T and Sun Microsystems. MIPS, Motorola and others are designed to ensure that comput-ers built around the new Risc chips will emerge with a ready-made base of essential

applications software.
Fuelling much of the excite ment behind the Risc trend, however, is the dream that Risc chips might create new markets for the chip makers. Just as conventional microprocessors were behind the birth of the multi-billion dollar personal computer industry, so Risc chips might create products that have yet to be imagined.

The power of Risc chips, could for example, create the possibility of making a telephone call to someone in a distant country and conversing with them, regardle of language barriers, predicts Mel Thomsen, an analyst at Dataquest. The computer power that is needed to make this dream a tion and language translation. In the future, Risc may offer us the



How finding the quickest answer has become simplicity itself

"SIMPLER is better," according to Risc chip designers. Their radical new approach to computer design is based upon the premise that computers work faster if they are asked to process a stream of simple, short instructions rather than the increasingly complex and varied commands used in most

Instructions are the basic commands that define the functions of a com-puter. They are analogous to the keys on a calculator. Simple instructions, such as those used in Risc computers, are akin to the arithmetic functions on a pocket calculator, while the complex instructions of a conventional computer are more like the special func-tion keys on a scientific calculator. Like the scientific calculator, the

Cisc (complex instruction set) computer contains miniature programs that decode the special functions into simple steps. In a microprocessor

Just as any type of calculator can be used to solve a mathematical problem, either by using several simple steps on a basic calculator, or by using special keys on a scientific calculator, so Risc or Cisc computers can both perform the same tasks in different ways. The question is which approach is faster.

A growing number of computer designers now believe that Risc is inherently faster. The Risc theory is pased upon research conducted at IBM in the 1970s. At that time, computer scientists discovered that, contrary to expectations, computers use only a small portion of their "vocabulary" or set of instructions most of the time and that often the functions of the com-puter were delayed by the irregular

By eliminating the microcode "decoder", restricting the number of

keeping all instructions of equal length, Risc chip designers have greatly simplified the design of micro-processors. They also claim to have achieved sharp improvements in performance. Claims of performances over 10 MIPs (millions of instructions per second) are common. Chips capable of performing 100 MIPs, or one hundred

imes the speed of a standard minicons-uter, are promised by the early 1990s. pater, are promised by the early 1990s.
Risc advocates see the advent of low-cost Risc chips as a major turning point in the history of the computer industry. "Over a broad range of applications and technologies, Risc architecture is seven to 12 times faster than a conventional computer," says Hewlett-Packard computer designer Michael Mahon.

companies to adopt Risc. Over the past two years it has introduced a broad

The advantages are incredible, paid by the programmer. That is why I believe there is no resist-

ing Risc. Eventually, everyone will come around to it," says Mahon.
Still, Risc remains controversial. The performance claims made for the Risc chips are disputed by advocates of con-ventional computer designs who point out that measuring the number of instructions processed per second tells instructions processed per second tells little about what the computer has achieved. In benchmark tests of computer systems built around Rise chips, compared with similar systems built using conventional microprocessors, the Risc chips do not always win, and in many cases their high performance

Risc critics also point out that while the chips may be simpler, perhaps even faster, they are more complex to pro-gram than conventional microprocessors because they "speak" a more

To solve this problem, silicone oil

The oil came to the surface and

was added to the plastics. But that had an

unfortunate side-effect. It meant that you

couldn't achieve deep, bright colours.

in cars these days. But plastic rubbing Europe's largest chemical companies,

ing and business applications, based primitive language. Put another way, upon its own version of Blac architec-

Risc is nothing more than a "hope for the have nots" of the computer business, according to David House, vice president of Intel Corporation. He sees the adoption of Risc as a last ditch effort by chip makers to find a place in the misconverges market "There is the microprocessor market. Inter a nothing very new or clever about Risc." House maintains. Despite his comments, however, Intel has adopted "elements of Risc" in a new line of

The broad influence of Risc is also The broad influence of Risc is also reflected in recent comments by Kenneth Olsen, chairman of Digital Equipment, the US computer group. While denying that DEC had any plans to introduce a Risc computer, he said that the concept of a simple instruction set was "little by little" influencing all his company did.

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an extremely long life, and can stand up to

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More and more plastic is being used; "causer's wall mak some we commenced the includence And that in latting squeakfor that's what it was all about - simply

> So, although you will find more and more plastic in your car, you will now also It can be given any colour - exactly.

If we don't have a solution, we find one.

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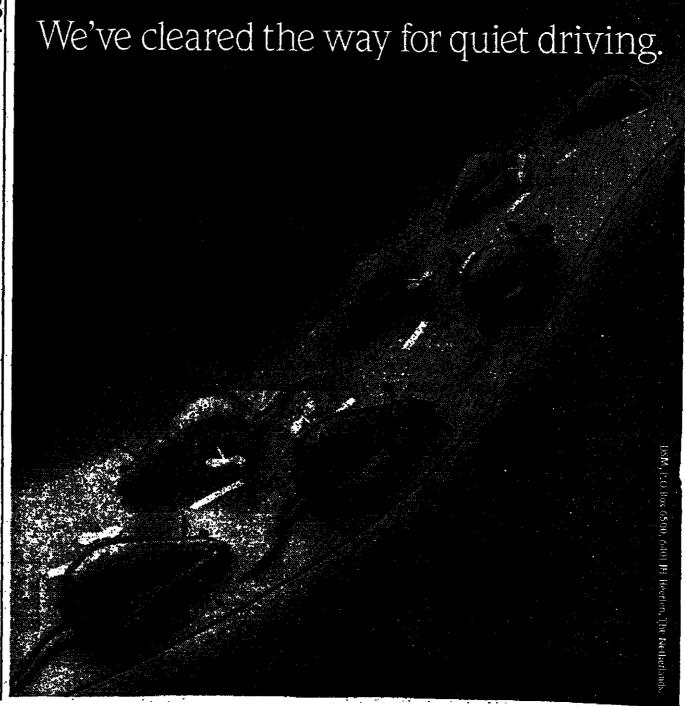
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FINANCIAL TIMES



Despite the recent loss of the proposed Ford plant, Scotland

continues to confirm its position as one of the

most important locations in Europe for electronics manufacturing.

However, the number of people

working for Scottish-owned concerns remains small, writes James Buxton

Expansion in Silicon Glen

THE PAST 12 months have, on a danger that it could darken the the whole, been good ones for the image of the entire Scottish electronics industry. A transic industry. series of mainly foreign manufac. The electronics industry in turers have amounced that they Scotland has come out of the are planning to establish factories in Scotland. Several existing afflicted the sector, and is begin-

manufacturing.

The picture would be even more rosy if Ford had not decided more rosy if Ford had not decided is only 3,500 more than it to abandon its plans to establish employed in 1978. a major electronic components plant at Dundee, after it falled to obtain the single-union agreement it had sought. The Ford plant, which would initially have employed 450 people but might employed 450 people but might later have risen to about 1,000, might eventually have become one of the industry's output of the industry's output graphs one of the industry's output graphs. one of the main centres of the Scottish electronics industry, like the vast International Business dnes complex at Greenick.

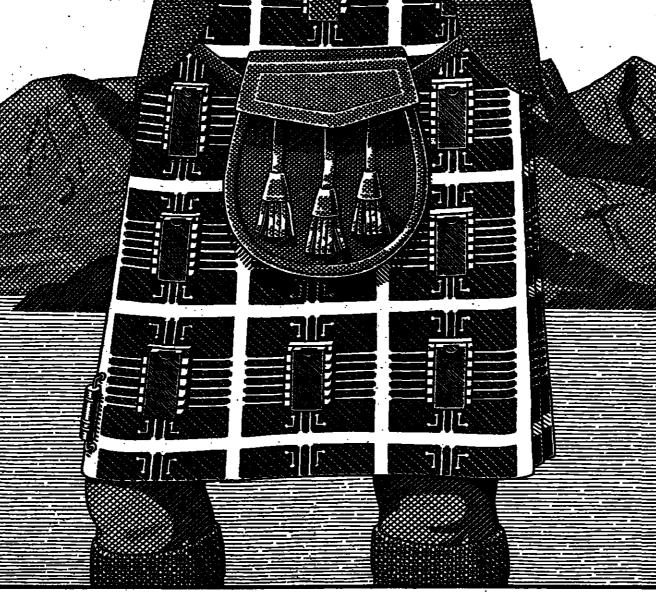
But trade union leaders in London, not Scotland, refused to allow the single union agreement which the AEU engineers' union allow the single union agreement which the AEU engineers union had signed and Ford is expected by 1865.

Yet in one important sense the invention from Silicon Valley in the take its investment elsewhere in Europe. The loss of the Ford not bear comparison with other plant will not only cost Scotland industries associated with Scotland land, such as the Scotland whisky very successful in providing a sonal comparison there is industry and the Scotland woollen good manufacturing base for facility.

ries in Scotland. Several existing afflicted the sector, and is beginScottish plants are making very ning to expand again. The receslarge investments as well as size meant a 10 per cent fall in increasing their workforce. Scotland is confirming its position as one of the most important locations in Europe for electronics manufacturing.

The sector, and is beginning to expand again. The recessize meant a 10 per cent fall in increasing output between 1985 and 1986, and a decline in employment which had peaked in 1984 at 44,700. Employment recovered between 1986 and 1987 to reach 42,800, though that

> now employs nearly 11 per cent of all Scots working in manufacturing, while the latest official industry in Scotland. The electronics industry in Scotland is part of a figure for the industry's output global industry: plants in Scotland in 1965 — accounted for land trade with other plants in Scotland in Scotland's manufacturing output. While output less often with each other.
>
> Almost half the people employed in the Scotlish electronics industry has declined since 1966, that of the electronics industry has declined since 1966, that of the electronics industry work for non-British companies, and the proputous was able to regain its 1979 owned concerns is very small. output was able to regain its 1979 owned concerns is very small.



Scottish Electronics

industry. There are very few large British, US and Japanese. The biggest British manufacproducts of the electronics industry that are developed in Scotland and can only be obtained successful in developing an indigfrom Scotland. The electronics enous Scotlish, or British, indus8,500 people in several plants. Even so, the scale of the indus-

> Semi-Conductor and Burr Brown, are located in Scotland. In data ton, recently announced an processing IBM makes its personal computers for much of the world market at Greenock, while world market at Greenock, while not far away at Erskine its new rival Compaq, said to be the fast-trival Comp recently began producing per-sonal computers at a brand new

8,500 people in several plants, mainly in the defence field.

Among the encouraging develtry and the range of companies opments of the past year, Com-which operate in Scotland is pag decided to bring forward by a impressive. Several of the world's year the doubling in size of its leading makers of semi-conduc-tors – NEC, Motorola, National started operating. Apollo, which makes workstations at Livings-

to establish in Scotland, and Lasa industries, a leading edge com-pany which has developed a pro-

cess for making prototype microchips using laser technology, is to set up a plant at Livingston. In semi-conductors Motorola is making its large plant at East Kilbride its world centre for the next generation of microchips —

the 1 megabit chip — with an investment of 240m, while among the Japanese manufacturers NEC is investing \$127m to manufac-ture megabit chips at Livingston. NEC's development is part of a new wave of Japanese invest-ment in Scotland as Japanese ies move in to Europe to avoid European Community trade harriers. Although Scotland suffered a sethack last year when Unisys closed one of its two remaining Scottish plants, part of Companies

Critical mass theory flawed

- "critical mass". It implied that once a sufficient number of electronics companies had been attracted to Scotland the industry would become self-perpetuating: more foreign companies would set up there without having to be hured, indigenous British companies would spring up to supply them, and teams of executives would leave the multi-nationals to set up their own operations.

In practice, competition for inward investment in Europe is so intense that it would be folly for the Locate in Scotland bureau to adopt a hands-off approach though the size and range of the Scottish industry means that any company considering going to Europe must think seriously about going to Scotland.

And while the most recent

Scottish Development Agency

A HANDY PHRASE used to trip Detabase study (in 1986) showed off the tongue of those responsible for the development of the manufacturing companies were electronics industry in Scotland Scottish-owned, they accounted for only eight per cent of employment - or about 3,000 jobs.

The same study also showed that only 12 per cent of the total inputs of the Scottish electronics industry were sourced in Scotland. When "main inputs" were measured, the study showed, 17 per cent come from Scotland and per cent came from Scotland and 23 per cent from the rest of the

The SDA is now updating the Database but little has happened in the past two years to suggest that it is likely to show a dra-matic improvement. Scottialbased companies have appeared unable or unwilling to meet the quality and quantity requirements of the majors; and the fact that the major companies, for the most part, are solely manufactur-ing plants means that they do not always have senior staff with the Continued on p2

maker of computer printers, needs of the majors we make which has already decided to scale supply of components and make it requires. assembly work. double the floor space it requires.

JVC is moving into a factory in East Kilbride to manufacture colour televisions and, at a later stage, compact disc players and computer display monitors, and is hoping to create 650 jobs by 1998. In a similar field Hinarl, a British company using Far Eastern technology, is setting up a plant to make compact disc play-ers at Cumbernauld, eventually employing 200 people.

Locate in Scotland, the depart

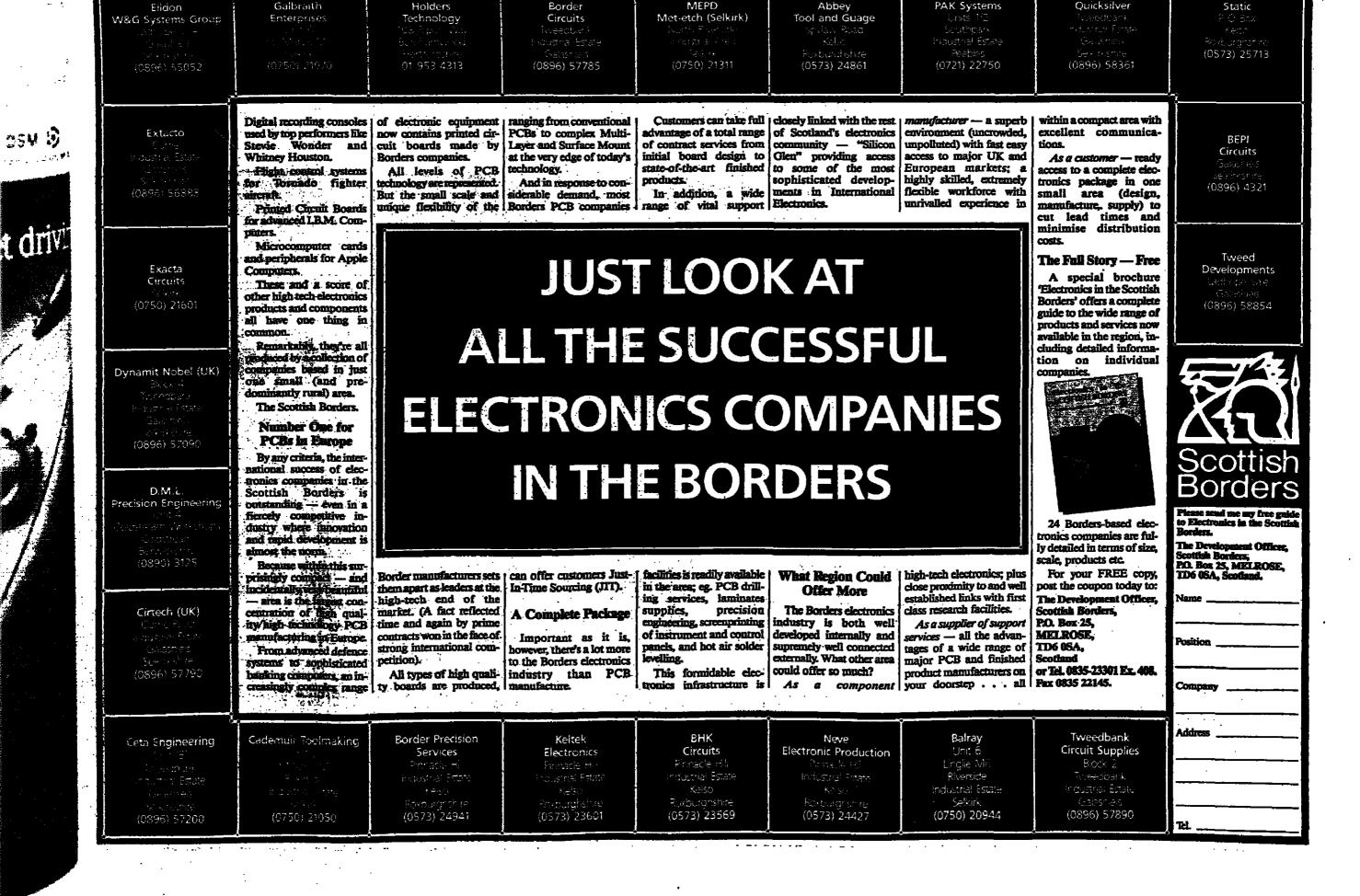
ment of the Scottish Development Agency which brings inward investors to Scotland, believes that most potential investors will appreciate that the Ford debacle was a special case, resulting from Ford's long history of operating in Britain and its past entanglement with the unions. All other incoming companies in recent years have cho-sen to set up non-union plants.

But a much stiffer test for the Scottish electronics industry will he to respond adequately to the ence of the multi-nationals has

The multi-nationals for the most part operate branch plants, few of which do research and development – though NCR and Hewlett Packard are important exceptions in this respect - or carry out marketing operations in Scotland. Since there are few executives in Scotland who know all aspects of their companies business there is little scope for teams of executives to spin off on

Furthermore, the multi-nationals prefer to buy from tried and tested suppliers, often under rela-tionships established before they came to Scotland. That poses an extra hurdle for locally-based suppliers, but the majors have also been disappointed to find that some local companies that they have tried out either could not supply what was required in the necessary quantity nor to the the necessary quantity nor to the correct quality.

JVC and other Japanese comdemands of the new wave of panies present a major opportu-incoming companies. The present to indigenous concerns because within a short time they not stimulated the growth of an will have to obtain 60 per cent of indigenous Scottish electronics their inputs from within the EC. industry on anything like the to avoid tariff barriers. But they Unity's closed one of its two scale that was once hoped. There are not obliged to obtain them remaining Scottish plants, part of have been few spin-offs by staff from Scotland or even Britain, the Cumbernauld plant is being from the major companies and Scotland has an opportunity it taken over by Oki, the Japanese few companies have met the must not throw away.



SCOTTISH ELECTRONICS 2

The Scottish Development Agency has attracted a high level of investment, creating or safeguarding thousands of jobs

Race is on to host more semiconductor projects

"WATER IS our most expensive raw material," says Mr Bill Gold, personnel director at NEC, the world's biggest semiconductor manufacturer. "But the fact that we can purify it here means that everyone knows that the problem can be solved in Scotland.

This is the sort of talk the Scottish Development Agency (SDA) likes to hear. The semiconductor sector has had a rough ride in

recent years.

The industry maxim of the early 1980s — "three bad years and one good" — was replaced in mid-decade by "three bad years and one worse." Investment programmes were shelved, staff laid off and whole product ranges. off and whole product ranges

Signs of a recovery last year re-activated expansion plans and Scotland's race to host new pro-

The semiconductor industry

all-round skills needed to run products.

success in the Borders

OR over 25 years Exacta Circuits
Limited have been manufacturing high

quality Printed Circuit Boards for the ever

Now a fully independant company, after the

buyout from STC in 1986, it is entering its

EXICO Also in France, Germany & Sweden.

third year of independance in a sound

demanding European market.

position for the future.

£127m investment and will create This plant is due to start prod-

Europe's semiconductor output, and half the total within the UK.

More than £2bn has been invested from overseas "creating or safeguarding 40,000 jobs."

according to the SDA. In 1988/7

Semiconductor, both of the US, the figures are \$420n invested set un there.

according to the SDA. In 1986/7 semiconductor, both of the US, the figures are: £427m invested and 4,106 jobs created. Most of that money has come from US electronics companies.

The latest semiconductor plant in Silicon Glen is being built by US computer company Digital tors that the decision to locate Equipment Corporation (DEC). It is spending £85m at its South.

spending £85m at its South

their own businesses.

Others suggest that less tangible factors, related to the weakness of entrepreneurship in Britain and the difficulties of raising venture capital in large quantities, are also responsible.

Yet there are some important infactures reed switches.

Among larger concerns Sect.

For example Spider System in cuits are all volume manufacturers. The first three of those companies are based in the Borders region, the scenic area between Clydebank, which makes electronic measuring equipment; and gentled, which designs and manufacturers reed switches.

Among larger concerns Sect.

Edinburgh is a fam a year concerns areall volume manufacturers. The first three of those companies are based in the Borders region, the scenic area between concerns area of electronics manufacturers reed switches.

indigenous Scottish or British
Among larger concerns ScotExacta, REPI and MEPD can
companies based in Scotland, and
land probably has the major playtrace their origin back to two
a number of smaller ones sucers in the UK printed circuit Borders entrepreneurs, Robert

This plant is due to start producing wafers in the last quarter and will have invested more than attracting such inward investment is spectacular. Scotland has about 1 per cent of Europe's population. It produces 15 per cent of Europe's semiconductor content.

Critical mass theory is flawed

cessfully making specialised board (PCB) industry — Eracia, products.

BEPI, MEPD and Prestwick Cir-

For example Spider System in cuits are all volume manufactur-

Exacla

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EXTRACT FROM THE

CHAIRMAN'S STATEMENT

"The Board has approved the necessary expenditure to expand the Fast Turn Round (FTR) facility, to

provide an advanced electrical test capability and to install a new innerlayer etch line. These moves

are designed to further enhance our quality, customer service and profitability."

IAMES HANN, Chairman

PROFIT BEFORE TAXATION

PROFIT BEFORE TAXATION AS % OF NET ASSETS (1986 ANNUALISED)

21.412

1,814

12.618

Early arrivals have grown. Queensferry site to supply waters National Semiconductor began in slim discs of silicon from Scotland in 1969 and, after

intensive. NEC's new 1 Mbit factory in Ayr which makes both fire in 1977, won a Queen's rector regulation blue jacket, which are then aliced and polDRAM plant in Livingston, for the chips and a range of computexample, is said to have taken a crample, is said to have taken a crample and the crample

"We will be shipping from the end of this year," the company says.
Yet the SDA is still vulnerable

to the charge that there is no ers change jobs between US cor-Scottish electronics industry at porations. The SDA acknowlall, merely a Scottish offshore manufacturing base for multina- California's Silicon Valley, there tional high-technology compa-

Many of the Scotland-based multinationals agree that this is the case. They see themselves relatively new phenomenon in simply as part of a UK, European or world industry. Management techniques such as quality circles, just in time delivery and, at Japaneae company that manufactures are left to the company that manufacture

electronics manufacturers in the Borders, mainly associated with

PCB design and manufacture. Exacts was bought out by its

management from STC in 1986 and supplies major companies in Scotland, as well as markets in

the rest of Britain and the EC, exporting more than half its out-put. BEPI is a subsidiary of Cam-bridge Electronic Industries

Prestwick Circuits, based on e west side of Scotland at Ayr,

believes it is now emerging from

two difficult years in which it lost a total of £2.4m before tax in

1986 and 1987. It was hadly hit by the sharp downturn in the elec-tronics industry which took sales down from £19m in 1985 to £15m

in 1986, after four years in which sales grew by about 50 per cent a

The recession unfortunately coincided with a big programme of investing in new factory space

and equipment - a programme costing between £10m and £12m

which left Prestwick with about

though it still made a loss. Now

it is gradually rebuilding capac-ity utilisation as it picks up new

It has tightened up its manage

the company brought in a new

50 per cent over-capacity. The company's turnover recovered back to £19.8m in 1987

development outside Scottish worldwide recession in the semihigher education institutions, conductor industry. while sales and marketing operations are in South-East \$14.4m to build a 4,000 square England or further sheld. NEC's metre factory on a green-field site to Livingston New Town. The

edges that, in contrast to are few domestic spin-off compa-

which chips are made - to its rebuilding its plant destroyed by NEC, a tea-lady-to-managing-di-tures the cylinders of pure silicon

There is little research and expansion plans during the

chips, for example, are sold from in Livingston New Town. The its European sales headquarters plant is due to be completed in in Disseldorf, West Germany.

Many talented Scottish management of the company expects eventually to take on several

hundred employees.

Nevertheless, only 12 per cent of high technology supplies come from Scottish industry, according to Mr Edward Cunningham, director of industry and developmen

In many cases, raw material are imported, processed and exported. Similarly, much of the vast investment spent nominally in Scotland goes to buy produc-tion equipment from the United

reinctance to start up new com- Laboratories panies is cultural. The atmo- The SDA

Queensferry.

BBN an exception, is a US up raw materials processing or high technology manufacturing herbitages with the server of the processing of the pro hardware maker with small sub- means that companies are causidiaries in the UK and Europe. tious at the best of times We are still the only start-up which never seem to last long in commercial research and devel this notoriously cyclical industry.

opment operation in the region,"

The SDA sees attracting sphere of enterprise and achieve inward investment as its main ment that characterises San Jose task. It is not something that is not quite so tangible in South happens overnight. The level of

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chairman. Dr David Simpson. ment, bringing in an executive director responsible for operations under the managing director, Mr Bill Miller, one of the founders of the company. With-the retirement as chairman of Mr Scotland, he became vice-chair mark an important development man of Gould, the US defence in the functions of the agency.

contractor, before retiring to But the difficulties the agency. Miller's brother Mr Eric Miller,

over integrated Power Circuits, a tion of the impediments to getstart-up by US technologists with
British venture capital which,
despite excellent products, went
into receivership last year and
has now been acquired by Seagate, the US electronic components company. He is also chairman of Osprey Electronics, the
successful company which makes
underwater television equipment.

Dr Simpson, an Americanised
Scot who is somewhat reminiscent of Sir Ian MacGregor, the
former British Coal chairman,
has ambitions for Prestwick. He
would like it eventually to
become one of the handful of
extremely big companies that he extremely big companies that he believes will emerge as the world

PCB industry — currently highly fragmented — becomes rationalised. That would have to entail Prestwick eventually becoming a \$1bn company.

Only one Scottish-based company can claim to be an internabegun as a spin-off from Burroughs which in the mid-1970s scored great but fleeting success as a manufacturer of hard disk

drives, claiming to have invente the 3%-inch disk drive. The company manufactures at Glenrothes in Fife, Boca Raton in Florida and last year set up a plant in Singapore, joining other volume manufacturers in gaining access to a low-cost Far Bastern

production base.

But Rodime's fast growth col-lapsed after 1985 because of its problems as a mass volume man-ufacturer and because it was products. In 1987 it lost 213.4m after writing off 25m of stock and shedding 300 people from its worldwide labour force.

In the next two greaters how.

In the past two quarters, how-ever, the company has made small profits and with its new base in Singapore believes it is set to make a significant recovery. Although much of Rodime's capital is American it is still run from Glenrothea. The last SDA Database pro-

duced a list of product groups which the major companies in the industry said were not easily available from suppliers based in Scotland. Top of the list was plas-tic mouldings, which IBM has complained are unobtainable from Scottish manufacturers.

That gap may now begin to be filled by Plastic Engineers, a Welsh company which recently announced it was expanding in Scotland, with the help of Investors in Ladwit (2) and the SDA tors in Industry (3i) and the SDA Another product on the list was power supplies. In this case the electronics division of the SDA decided to take the initiative or exercise its "pro-active"

chairman, Dr David Simpson.

Dr Simpson may be set once an entrepreneur interested in again to become an important figure in the Scottish electronics helped assemble the finance. Industry. Having worked for the project should shortly be major electronics companies in Scotland he became vice-chair mast an important description.

Scotland last year. has faced in putting the manner.

He presided for a short time package together are an indicaover integrated Power Circuits, a
tion of the impediments to gettime new ventures off the ground

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club has some powerful mem-bers. The list of 250 guests at its inaugural dinner in February read like a top 20 in the hit parade of mainly US high-technology corporations. They included IBM, Digital Equipment Curporation (DEC), Wang, Hew-lett-Packard, Ferranti, Marconi, ICL, Hughes Microelectronics

They were there to talk about the just-in-time manufacturing philosophy, a technique in which stocks of components and raw materials are kept to a minimum; they are delivered a matter of days or even hours before use in The Scottish Development gency (SDA) is behind the JIT

club and its three-fold rationale • It saves money. The SDA calculates typical 23 per cent savings based mainly on transfer

of inspection procedures from the

return for a small increase in the unit purchase price, It could preserve or improve Scotland's attractiveness to for-eign investors from highly devel-oped industries. This is because nenting the JIT philosophy means creating an inter-corpo-rate structure linking companies vertically and horizontally in the same industry. If it works, it benefits those inside the structure. It would boost the currently low level of Scottish sourced components; it is hard to deliver

arriving by ship from south-east Asia or North America. Some dataprocessing equip-ment manufacturers already work with JTT. DEC, for example, is heavily involved at its systems end — computer assembly rather than semiconductor manufacture and exports 70 per cent of the finished machines to Europe. However, the success story in Scottish dataprocessing of the

just in time when the goods are

moment, Compaq, has found only limited use so far for JIT. It is a company accustomed to doing things quickly. It holds the record for the shortest time, five years, to go from formation into companies by turnover.

The high level of technology itself becomes a barrier to JIT

supplies. "If we source locally, we use JIT," said Mr Murray Francois, Compaq vice-president and Louisiana expairists who is in charge of the Erskine venture. But shipping long distance



rently buys packaging and casing locally. It plans to buy the com-puter keyboards from UK suppli-

In Scotland Compan has taken 11 months to turn a green-field site high on the hilly downstream banks of the River Clyde into an architect-designed assembly plant that looks as if it had been plucked from downtown

niche in UK personal computer sales. It has an 8.4 per cent share by value - second only to IBM's 31.8 per cent - but only a 4.3 per cent share by volume (IBM has

land not only because of several years of persuasion from the SDA years of personsion from the SDA there but also because the UK is the biggest and fastest growing This is our worldwide showpiece Scottish.

now."

Its corporate philosophy is that
In common with many of the it is IBM (UK) and not IBM (Scot-

Compan chose to locate in Scot- scratch, does not benefit from medium scale of the Erskine plant, he argued. IBM, too, tries against the odds

causes problems." Compaq cur- Europe. It has not regretted its than multinational image. It has decision to move so rapidly into been in Scotland since 1951 and Scotland. "Scotland exceeded our just about every employee, expectations," said Mr François. including top management, is

> foreign companies in Silicon land), according to Mr David Glen, Compaq sees its efforts as a Reid, IRM's resident director in UK-wide operation which Scotland. However the board at includes manufacturing in Scot- IBM's headquarters in Armonk, land. Unlike some, however, it New Jersey "sees only Europe sees its future in national rather rather than Scotland; they look than continental terms.
>
> "We are likely to build similar plants in France and Germany Pressures from the market, too, when their demand is high have ended parochial manage-enough, said Mr François. The ment strategies — evidence final assembly of computers, as abounds that the Scottish operations are part of a world

IBM at Greenock has 152 Japa-nese-style quality circles. The plant makes the PS/2 personal computer which underpins IBM's personal computer market in to give itself a national rather office equipment strategy. The

computers are exported to Rurope, the Middle East and Africa IBM encourages its suppliers to take a similarly planned approach to quality control and present awards to the best of

hose suppliers. One recipient this year ha been the Timex factory in Dun-dee It is a long time since Timex in Dundee made a living from watches. Today it is a manufacwatches. Totaly it a minimaturing sub-contractor — it has been making Sinclair-branded, now Amstrad-owned, home computers since the original Z80 — and has attracted rivals such as Avex and SCI of the US to Scot-land Ironically, SCI now makes Sir Clive Sinclair's Z88 laptop

JIT is also a Japanese concept.

The SDA is pushing the JIT philosophy very hard," said Mr Bill Gold of NEC, the Japanese semiconductor maker which has invested about £127m in a plant in I trimestor New Town in Livingston New Town.

However, the SDA's calcula-tions of the benefits of JIT depend not only on the inbound tegmin not only on the motion supplies arriving a matter of days before they are used but also on the transfer of quality control inspection from the customer to

"It is about trust between busi ness partners," said Mr Ian McLaren, senior project execu-tive in the electronics division of the SDA. "That trust can take a long time to build up but in the end it means zero defects, total quality control and carries with it the implication of a cut in the total number of suppliers."

JIT will be difficult to apply effectively in the commodity chip market. This sector, which consists of memory semiconductors used by the million in computers as well as many consumer dura-bles, has had a turbulent five-year history of boom and bust.

Currently, much to the relief of the semiconductor makers, there is a world shortage of commodity chips. Prices are rising and man-ufacturers are racing to build new capacity. It simply is not chips delivered JIT, said one Scotland-based manufacturer.

The SDA remains optimistic. "The big manufacturers want to reduce the number of different suppliers," said Mr Ian McLaren, philosophy will just get frozen

Daniel Green

Inward investment

Damage limitation

successes in attracting foreign electronics companies were set to

Ford's announcement last month that it would not go ahead after all was made for one reason: it could not obtain a single union The decision not to go to Dun-

dee received far more publicity than the decisions of any number of companies to locate in Scot-land. So the question has to be asked: how damaging for Scotand was the verdict of Detroit? The attracting of Ford in the first place was a particular triumph for the canny operation that brings foreign investors to Scotland. It is centred on Locate in Scotland, a joint venture between the Scotlish Development Agency and the Scotland. ment Agency and the Scottish Office, which has been described

inward investment agency in It is a one-stop shop, able to call on all the resources of the SDA, and also on the network of Scottish New Towns and local uthorities, all anxious to bring in new employment and, usually, to ease away any planning diffi-

by outsiders as the most effective

Locate in Scotland often tracks the progress of companies long before they even contemplate locating in Scotland, A classic example of this was Compaq, the Houston-based personal com-puter maker which LIS began to target only a year after it was formed in 1982. When Compaq decided to establish a European plant, LIS fought hard for Scot-land and, in late 1986, eventually won, after finding the US company a prestige site at Erskine, west of Glasgow.

As well as hiring companies to Scotland and negotiating the package of regional assistance grants and factory accommods tion, LIS also makes a practice of keeping in touch with companies themselves in Scotland.

To persuade Ford to set up a plant making components - elec-tronic engine controls - at Dundee, LIS and the Government had to face competion so strong that King Juan Carlos of Spain him-self was making telephone calls to the Ford manager the plant for his country.

SCOTLAND'S RECENT major vinced the labour relations cli-successes in attracting foreign mate in Britain had dramatically components plant that Ford Laird, general secretary of the Motor planned to set up in Dunder.

AEU engineers' union. offered the union movement in Britain would have allowed its internal rivairies to destroy the deep. AEU engineers' union, offered possibility of so much long-term the company a single-union employment in Scotland.

> But the agreement was never consummated because the other unions employed at Ford plants in the rest of the UK refused at national level to allow the AEU to have a monopoly of represen-tation at the Dundee plant.

> the Transport and General Work-ers, also objected to the idea that than the better-paid motor assembly pay scales.

earlier in the year - when the unions, among which the AEU was prominent, succeeded in ing a three-year pay deal to a two-year one - abruptly disilioned the Detroit manage as to the improved climate in Britain labour relations.

And the fact that the Govern ment indicated at the time that it was to sell Rover Group, which Ford had indicated it would like to buy, to British Aerospace probably weakened the political attractions of doing Britain a favour by coming to Scotland.

The Ford deal — which would have provided 400 jobs initially, rising to perhaps 1,000 - was scuppered by unions in London, not in Scotland, Further, it was scuppered because Ford was very different from the usual inward

investor to Scotland. This was a company that had operated in Britain for several lecades and had a long history of often tangled relations with a plethora of unions. It was now plethora of unions. It was now a strike in the previous three proposing to set up a plant mak-ing different products from its Scotland nine out of ten were wanted a different union arrangement for it.

union jealousies the company very good, and all thought it should have accepted their either constant or improving. advice to go for a totally nonunion plant at Dundee. Or it of them it could be argued con-could have operated the plant tain room for improvement, are through an arms-length subsid- certain to be stressed by those iary under a different name, just promoting Scotland as an inward as General Motors has the investment location. A key factor in Ford's choice of Hughes Microelectronics plant at Scotland was that it was con-Glenrothes in Scotland.

say that no one could have fore-seen that the union movement in

employment in Scotland.
As Mr Iain Robertson, chief executive of the SDA, said on the day Ford announced its decision, "We are devastated by this news. The unions cannot sidestep the blame for the loss of this con-

Later Mr Robertson said: "In The other Ford unions, led by marketing terms such a prominent, important company decid-ing to pull out will be unfavourathe Dundee workers would be ble for inward investment. In the paid at the higher end of the electronics industry pay scale rather much more carefully about their industrial relations, and make sure they have got it absolutely right before going ahead."

But he also noted that: "Most

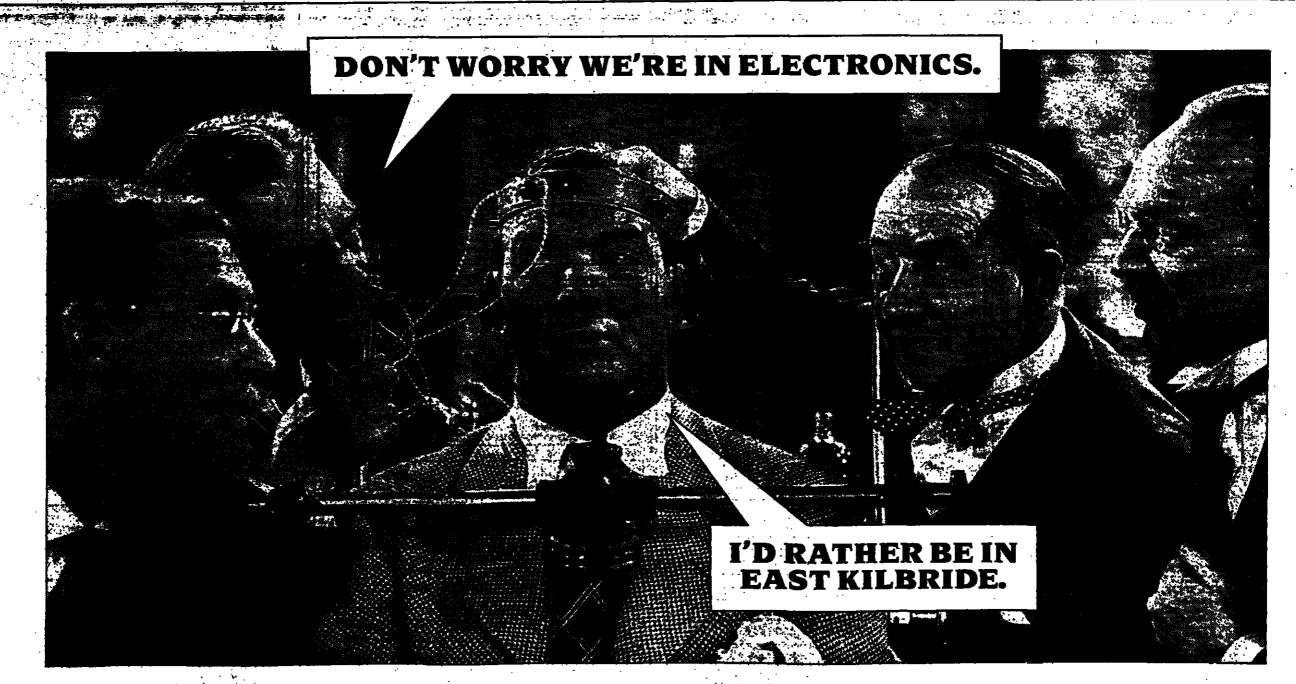
companies coming to Scotland are first-time investors, with no inherited union arrangements to gettangled up in. So this case does not have much bearing on

Professor Neil Hood, head of LIS, argues that incoming companies will realise that there were unique factors in the Ford case. Though Ford chose to have a union agreement, no other US-owned electronics plant in Scotland established since 1972 is unionised, and no Japanese electronics plants in Scotland are

Only a quarter of US-owned high technology/electronics plants in Scotland operate with unions and only five US-owned plants in other industries in Scotland have been unionised in the

past 10 years. According to a survey of US companies carried out by the SDA and published in 1987 only one US electronics plant reported usual engineering output and strike-free. The survey showed that 93 per cent of managers in ment for it.

Some people who were situation was stable or improving ford to Scotland have said that to avoid arousing interest to the interest of the stable of improving ford to Scotland have said that to avoid arousing interest the stable of the stable



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Charles Batchelor on the final session of a UK government initiative for entrepreneurs

ROSEY HARDING and her two three of all new start-ups to the business partners have decided wall in their first three years but that it makes sense for their pubties will need to have their wits lic relations consultancy to be about them.

based on a formal partnership

Another of the course particiagreement. Without one, disputes pants has had a traumatic few could arise over who owned what weeks after his newly-appointed if the partners ever fell out.

The trouble is, the draft agreement drawn up by their solicitor contracts and a sizeable amount does not take account of this pos- of commission. sibility and many of the other practical difficulties the partners through the county court but may face

The course, which is also payvided at eight other colleges the other businesses are also havided at eight other colleges the other businesses are also havided at eight other colleges the other businesses are also havided at eight other businesses are also havided at eight other businesses are also havided at eight other businesses are also have a college and a their businesses expand as their businesses expand The course, which is also prothe skills and encouragement to

help them expand. ber, the II men and five women on this year's course have been Bank Systems, requires someone returning to the school for two or to handle the paperwork. But three days a month. Last week D'sa has to weigh up the impact the final 1½-day session comof an additional £1,000 in wages prised a review of their progress on his monthly turnover of to date and a series of workshops around £1,000. on accounting, marketing and

legal problems.
"I hope they haven't charged you too much for this," sniffs Olga Aikin, a barrister and legal tutor to the course, after reading Harding's partnership agreement It doesn't deal with the issues at

Questions such as how the business should be valued, how at the same time a number are partners could protect themow attempting to broaden their selves if one became mentally ill customer base. Nana Schlaepfer's or insolvent and how to handle translation agency, Malla Transsickness and pregnancy all lations, is working on a large appear to have been ignored. "Go contract for a major computer to an accountant and get his group, but is thinking hard about views," suggests Aikin. "He will where to find other big contracts have a better idea of the business when this project finishes. issues. This looks to me like a Others on the course face very unimaginative document - potential problems because they the sort you could get out of a depend on one major supplier for

what the course participants installs computer switching want. As their young businesses equipment, has been diversifying have begun to develop the prob- his sources of supply though he

pants has had a traumatic few sales director disappeared with the details of two dozen hard-won

The salesman is being pursued Aikin's advice is pragmatic How to structure their business is just one of the problems she warns. "You may have a the 16 participants in the London court judgment but you still have Business School's Firmstart to get the money out of him."

course in small business skills

An absconding salesman is one
have had to face as they come to
the end of the six-month training, the problems involved with employing people but several of the other businesses are also hav-

al, and provide them with some of the course members find themselves under enormous pres sures of work without yet quite After an introductory week being able to afford to take on spent in the classroom last Octo- extra people. Lucien D'sa's fourperson software business, South

> Several of the course members have had to scale down over-am-bitious plans so as to concentrate on one or two products where they are certain they can make money. Barry Drake has narrowed his focus to specialise in designing control rooms for use in industries such as gas and

electricity supply.

At the same time a number are

potential problems because they artnership book." much of their work. Nick King, Practical advice like this is just who has a company which



e, co-founder of MSI (Consultants): already ahead of the

part has been reviewed by out-

The final session, too, involves ssment of the progress of the businesses, this time by an independent consultant and by the Manpower Services Commis-sion (MSC), which picks up the 24,000 bill for each participant. Though the grilling is not as tough as the earlier sessions itstill aims to expose any weak-nesses the businesses or their owners have. The questioning is led by Dennis Walton, a consultant with many years' experience at a senior level in the textile industry and with the govern-ment's Small Firms Service.

Walton asks Barry Drake if he can update the forecasts he made in his earlier business plan. Drake starts to explain what a Drake starts to explain what a business plan is for but is cut short. "Do you have one?" persists Walton. "No." "When will you do it?" "It's ongoing," says Drake. "When will you have it ready?" "In two to three weeks." "Who will do it?" "Mainly me."

them between our first and last meetings," Walton explains later. "We accept a certain vagueness at the first but we are looking for tors had all worked for large computer and software company tive. The first two meetings can mies. "We all had big company be quite hairy but at the third we experience but none of us had

want to pick them up."

What the course is intended to do is to help businesses with the potential to create up to 10 jobs over a three-year period, says the MSC's Terry Gibbon.
After six months how many

it's probably too early to say with lems have started to crowd in. So still has very close ties with one it's probably too early to say with where," she says.

far none has succumbed to the manufacturer.

most of them. Some are running * See this page November 17 ahead of their forecasts for turn-ond February 2.

progress of the individuals taking over and profits. Others, dis tracted by problems of staff, premises or business partners are below their targets.

But tangible results have been achieved. Alex Stewart-Clark's timber merchant business employed no one when he set ou but now has two full-time employees and two part-timers. Lucien D'sa has three full-time employees and is taking on a fourth. Nana Schlaepfer has not increased the number of translators she uses but she is putting far more business their way.

One company has made a very
quick start and is already ahead of the MSC's target. Janet Billinge, co-founder of MSI (Consultants), already employs eight peo-ple as well as 10 full- and

part-time freelances.

MSI designs programmes to teach systems analysts how to design systems and to teach the users of the systems how to explain their needs to the analysts. Billinge says her prothe time normally needed for "Do you think, as a result of this training. MSI's rapid growth is course, that business plans are due in part to the British governimportant?" asks Walton. ment's insistence that computer "Christ, yes," Drake gulps. systems incorporate the type of method used by MSI but mainly to the profes

experience but none of us had filled in a PAYE form," she says. "I was sure of my technical abil-ity but lacked confidence in the business environment."

Despite har previous business

experience Billinge is enthusias-tic about the course. Without it we would not have got any-

Travelling a road of money and risk

Christopher Parkes explains James Gulliver's view that the 1980s are for entrepreneurs

the time of his 119hn bid for Dis-Gulliver had maintained his pro-tillers, it seems odd that one of prietorial attitude. Counting James Gulliver's abiding memo-sandwiches and calculating the ries of the battle relates to the £82 he spent on sandwiches every day for his management team. But that's entrepreneurs for

that there were two sorts of currency - money and my money -he clearly still finds it difficult to distinguish the one from the

"When it's your own company, nothing is unimportant to you," the tousled Scot said in a lecture to the City University Business School, sponsored by accountants Peat Marwick McLintock.

Even though Argyll was well established in the public domain and, shortly after the Distillers debacle, was to join the top ranks of the food retailing business

tonnage of paper dispatched to the shareholders was still impor-

The Safeway deal, perhaps, ing chairman of Argyll Group out of it. Large businesses and born again entrepreneur, said last week that he had learnt that there were two controls and because they control to decide he might be better off ing chairman of Argyll Group out of it. Large businesses and born again entrepreneur, become bureaucracies. Bureauthat that there were two controls and the controls are controls and the control and the controls are controls and the control internal tensions rather than healthy external pressures, in the end decay," he said, turning at last from a detailed personal his-tory to the meat of his talk.

Asked to discuss "the entrept neur's bottom line" (he saw it as a point somewhere between the creation of personal wealth and the achievement of satisfaction in a job well conceived and well and profitably done) Gulliver concentrated on the practicali-

Money, in all its manifestations, together with risk, figured ted to a few hairy moments in his entrepreneur.

condition – and keep themselves condition – and keep themselves tuned for the moment when the towards retailing, he believed it towards retailing, he believed it had several crucial advantages had several crucial advantages appeared - the present offered far better possibilities than the 1960s or 1970s, Gulliver said. "In set up shop. times like these, large businesses "If you can make a success subsidiary that no longer fits."

WITH SO much on his plate at with the purchase of Safeway, large in his presentation. The two ments, the time of his £1.5hn bid for Dis-Gulliver had maintained his pro-factors, tricky to handle in isola- But lopping off and restoring tion, can be explosive when com-tined. And while Gulliver admit-ates is not the only entry for the

From his position as one of the that matters ever got out of hand. leading multiple retailers in the Perhaps this was because from country, Gulliver could see aveletively early age he had been almost boundless possibilities for in what he called "a state of opportunists to make their marks organised preparedness," ready in the service industries which to grasp entrepreneurial opportunities before they slipped away.

For those who could attain this

vate sector.

over manufacturing, most notably that it was relatively cheap to

times like these, large businesses off you can make a success look hard at yesterday's dreams using your own retailing formula which have become today's in one well-sited store, that store the store of the store o nightmares, and decide to sell the cess can be reproduced rapidly elsewhere. This means you can Enter the management buy-out create a dynamically growing teams which, as often as not, can business in short order," he said, find willing allies in merchant with a forceful nod in the direcbanks' corporate finance depart- tion of Sock Shop.

Disparate EC systems still a taxing burden

THE WAY members of the European Community tax beat-nesses and individuals dis-criminates against the smaller business, according to a new study* carried out for a group

Despite very large differences between the tax systems in Europe, the study concludes that their overall impact places a heavier burden on the smaller business.

Firstly, some tax regimes discriminate directly against the smaller business. New firms — which almost by defi-nition are small — tend to receive less favourable treat-ment than established busi-nesses in the area of invest-

Such allowances can act as a barrier to entry since the net tax paid by new, as yet emprofitable businesses, will be higher than that paid by existing profitable businesses which can make use of the allowance the study notes. allowances, the study notes. Some governments give more favourable treatment to companies - by allowing them to deduct pension contribu-tions for tax purposes, for instance - so the many people

who start up in business as

sole traders or partnerships do not benefit from this. Secondly, and more important, widespread incom reliefs for contractnal savings in the form of life insurar pension funds, government savings schemes and domestic property channel investible funds away from smaller

Large financial institutions find it uneconomic to invest small amounts in large num-bers of small firms while the proprietors of such firms are unable to get tax relief on any savings they invest in their

These distortions are aggravated in many countries by special tax concessions which discriminate against third party investm

Social security contributions Social security contributions made by employers are also likely to discriminate against small firms because they are usually more labour-intensive than their larger counterparts.

There is some evidence that smaller enterprises pay a dis-proportionate share of busi-ness income and other taxes in relation to their turnover, the stady says.

Finally, tax systems have become more complex in response to calls for greater fairness and attempts to combat evasion. The response of the tax authorities to this presering complexity has increasing complexity has been to delegate more and more of the administrative burden to business.

Governments probably now bear only one-fifth of the cost of collecting taxes with the rest being borne by business and individual tax payers, the studyestimates.

This is unhealthy, it says, since governments now have little incentive to reduce the cost of compliance

In addition, large companies can administer the task of tax collection relatively cheanly in relation to the sums involved with the result that a disproportionate part of the cost of collecting taxes is borne by the smaller firm. smaller firm.

Some of the straightforward discrimination against small-firms could be removed by piecemeal reform but remov-ing the distortions in capital markets and reducing the growing compliance cost require more radical action, the report arges.

It suggests the abolition of corporation tax since all com-pany income ultimately goes to the owners, who can be taxed individually; the removal of the distinction gains; and the replacement of income tax by what it calls a universal expenditure tax. This would tax all spending at

a progressive rate.

The study also calls for the replacement of the Pay As You with a self-assessment system; a cash allowance for smaller

a cash allowance for shaher companies to offset the compli-ance burden; and the simplifi-cation of Value Added Tax.

The trend for the tax author-ities to delegate more of the collection, burden to business has led to a growing isolation of the tax authorities from the of the tax authorities from the realities of business. "A greater degree of consultation ... would be fruitful," the report

suggests. _*By Graham Bannock-& Painers with Ernst and Whin-ney. Commissioned by the Euro-pean Small and Medium Enter-prises: Contact Group and funded by the European Com-mission (neither of which necessarily agrees with the report's conclusions the authors state.)

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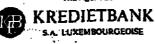


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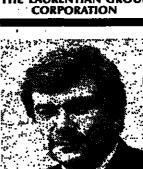
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man of the Board, announces the appointment of Mr. Douglar M. Ritchie to the Board of Directors of The Laurentian Group Corporation.

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Royal Academy/William Packer

The young Cezanne: a genius in the making

Paul Cezanne is one of the world's great artists who stands comforts artists who stands comfort. True creative struggle does not always require the validation of material privation.

What this artibition shows us so clearly is the way in which by sheer persistence this painter, who really was a great artist, quite literally came to himself; it shows his alow discovery of the sionate, objective, disciplined, centred upon the structures and processes of art for their own sake, that after him would lead on to cubism and constructivism on to cubism and constructivism and all their variegated offspring.

Any showing of his work therefore is interesting, and any serious critical study, whether broad or narrow in its scope, is necessarily important. The exhibition now at the Royal Academy whose idea it was - Camere:

The Early Years 1839-1872 (until August 21: then on to the Musée d'Orsay in Paris and the National d'Orsay in Paris and the National Gallery in Washington DC, both

Gallery in Washington DC, both of them partners in this project, with the Chase Manhattan Bank as sponsor), is as narrow as the name suggests and by no means over-large, but it is indeed of the first importance.

The great artist is born, not made, but that is not to say there is no making, no forming, no work to be done to make good the promise. Even with the

what this exhibition shows us so clearly is the way in which by sheer persistence this painter, who really was a great artist, quite literally came to himself, it shows his slow discovery of the true nature of his art and the direction it should take. Painting direction it should take. Painting and drawing for Cezanne would never be easy, though a certain facility came to him soon enough and we can find a growing formal certainty and simplicity in the work over the period. It becomes not so much less experimental as it develops, but rather less variously experimental and less clumsily vigorous. None of this is surprising, for the received view of Cezanne's first period is of just such fumbling apprenticeship.

All the difficulty with the young Cezanne, such as it is, lies young Cazanne, such as it is, lies rather with the overtly imagina-

self-conscious invention upon lit-erary or symbolic themes. It is a question of the times he was born into and the kind of artist he



drive of poor Van Gogh. Yet he a heavy to declare their genius, cal surprise, for though many of himself in trouble without the great artist, once he had set himthat Art must be Self Expression:
and oddity, repeatedly we sense eration of the experience it
and the means to devote himself sciously upon himself and his at a deeper level — and at a afforded him; what Lawrence

The great artist is born, not made, but that is not to say there is no making, no forming, no work to be done to make good at the promise. Even with the youthful prodigy — the young Rembrandt or Picasso — the struggle towards fulfillment, if it can be and and Romanticism ideas. And as we all know, the extremely supposed — the essential formal cased facility of Degas, nor the other printing and the history flop if neither the strength nor anything of the panic of the manic attent facility of Degas, nor the other printing and the history flop if neither the strength nor own anything of the manic of the panic of the manic attent facility of Degas, nor the other printing and the history flop if neither the strength nor own anything of the manic of the panic of the panic of the manic attent facility of Degas, nor the other vocation and in drive of poor Van Gogh. Yet be

the form which is so characteris-tic of the later work is already the essential integrity of the object seen whole, in light and space. There is an unselfconscious clarity of preoccupation and intention that betrays

dling of the paint still loose and direct, the facetted modelling of

and intention that betrays already the great Ceranne.

The same thing is apparent with the early landscapes and still-lifes, of which there are magnificent examples at every turn, right up to the final room where the definitive self-portrait of 1872 closes exhibition and we turn again to see on the far wall the matching creative weight of the great still-life of 1871, with its pots and bottles and folded cloth. Here at last, in this room, most of Here at last, in this room, most of all in these two masterpieces, is the great artist as we have always known him, come to him-self in the open, ready to move on. The self-portrait is indeed one of the key works of modern painting, made at a critical moment,
with the first impressionist Exhibition still two years away and
Cezanne himself as yet a minor
and peripheral figure among his
peers. He would work and show
with them, and count himself one
of them, and yet already we see
here the artist looking beyond here the artist looking beyon Impressionism to Post-Impres low. Bald as a badger, he wa still only 33 years old.

As Gowing puts it in that same caption, to this very painting. "The art of Cezanne's twenties trait head that Cezame made of members of his family around 1886 are but one example. Though the palette-knife technique he used for them was frankly experimental and would the property painting.

The art of Cezame's twenties was a dream from which he awoke in (this) furious temper ... wakened by the clear sight of genius, which at the crucial moment does actually know its greatness.

Songmakers' Almanac

Paul Driver

Stefan Zweig is little known called "a religious feeling," and He believed profoundly in a The earlier programmes humans pan-European culture, in focussed French and Russian the notion of a "world conscience."

collection. This one, entitled

years he was the respected friend mance of Hugo Wolf's marvellous of practically everyone who was brief song, "Ernst ist der Frühlaritstically distinguished in ing," Patricia Rozario's of Berg's Europe. In his life and his work, Rike setting Troumgekfont, and he embraced a civilisation. Tragically, he was to become its berg's Der verlovene Haufen.

whom Zweig has much else in common (though in terms of lit-erary sensibility, he is probably

and read in this country perhaps, starting with Brahms's auto-but he is one of the emblematic graph, which he obtained as a but he is one of the emblematic graph, which he obtained as a literary figures of the cantury. A teenage boy, amassed a man of letters in the grand old supremely valuable collection. It sense — he wrote in virtually all has recently been donated to the the genres, and (until his books British Library, and on Sunday were banned) commanded an immense German readership — The Songmakers' Almanac complex calling to the fullest extent. In celebration of the gift.

The perliared profoundly in a series of the carriers in celebration of the gift.

the notion of a "world conscience."

But he was born in 1881 — a "The World of Yesterday," convenience Jew — and so belonged to that generation which lived sentiently through two world wars, and, doubly traumatized, suffered more, perhaps, than any previous generation in history. He lived, in fact, to see everything which in the pampered, bourgeois, apparently secure, artistically perfervid world of his childhood was considered valuable utterly swept away. In complete dismay, he and his second wife committed suicide in Brazil in 1943; he had just finished his glorious and indispensable autobiography The World of Yesterday.

He was a witness to the depravity of our age, yet, for as long as he had the strength, which finally failed, a powerful affirmer of human values, a believer in the survival of the spirit, and a mediator and preserver, in his own person, of cultural tradition. By his middle years he was the respected friend of practically everyone who was artistically distinguished in the program of the Lied (mainly Viennese)," and its highlights were antistically distinguished in injection. This one, entitied "The World of Yesterday," concentrated on Zweig's life itself, with an obvious gain in pertinence. Extracts from the autobiography were grippingly read by songs relevant both because of their content and associations and because in many cases Zweig on the involved many and hannac concert were not at all in evidence on this occasion. The reciting of texts for once had genuine necessity, and the programme as a whole took on the importance of Zweig's examplany career. Graham Johnson, the compiler (and piano accompanist), cleverly worked in any the compiler (and piano accompanist), cleverly worked in the programy by Britten (including three of his Hölderlin settings) which had no strict relevance to the approach of the setting of texts for once had genuine necessity, and the programme as a whole took on the importance of Zweig's examplany career. Graham Johnson, the compiler (and piano accompanist), cleverl

cally, he was to become its berg's Der verlorene Haugen.
In the second half Miss RozzLike Walter Benjamin, with rio's account of Hindemith's Traki setting, Trompeten, had an exquisite but searing clarion-pure line; Sarah Walker hauntingly sang the same composer's Envoy
(to English words by Francis closer to a writer like André sang the same composer's Envoy Maurois), he was a passionate (to English words by Francis collector, not, like Benjamin, of Thompsoh); and the quartet of books, but of literary and musical manuscripts. An encounter with the first draft of a great master- for us as it must ever have been piece could give him what he for Zweig.

Consequences of revolution on Soviet art

one of its achievements is to development without such suddemonstrate how pre-revolution-den swerves: Kandinsky with his my energies, harnessed to solve experiments in colour and form. ing purely theoretical problems. Chapall with his naive lyricism, were more practically applied in The result, of course, was that the immediate post-revolutionary they ended up as emigrants.

Soviet Union, or were tucked awareness (or so it must later away in various parts of the have been regarded). His vast country, but the lack of an inven-symbolic Bolshevik of 1920 is, on tory — sometimes a deliberate the other hand, an heroic celebra-protective measure taken by the of the supposed liberator: a curators — may have saved them giant figure of a cadre treading for posterity. The result of the over the houses of Moscow itself new glassost in the Russian art. while the revolutionary masses world is a show bursting with throng the streets. Other artists,

A German reference book published as late as 1987 closes its importance of the Russian artist Kashmir Malevich with the words and the Soviet artist Russian in the Soviet artist Russian in the Soviet with the words of this subsequent to 1935 are known." If for no other reason than that it corrects the record, this gitthering exhibition, put together by the Russians as one of the events marking the 70th anniversary of the Russian sea one of the events marking the 70th anniversary of the Russian sea one of the events marking the 70th anniversary of the Russian sea one of the events marking the 70th anniversary of the Russian sea one of the events marking the 70th anniversary of the Russian sea one of the events marking the 70th anniversary of the Russian sea of the Russian tion, recently shown in Rudquest and now in Vienna, should be regarded as a milestome.

The latest two pictures by Malevich may be provided the artistic distribution of the artistic and now in Vienna, should be regarded as a milestome. The Russian sea of the regarded as a milestome, and which has ensuled a strain of the regarded as a milestome, and the show is rich in regarded as a milestome, and the show is rich in regarded as a milestome, and the show is rich in regarded as a milestome, and the show is rich in regarded as a milestome, and the show is rich in regarded as a milestome, and the show is rich in regarded as a milestome, and the show is rich in regarded as a milestome, and the show is rich in regarded as a milestome and the show is rich in record, this cultilated and has a market of the resonance of the strain of the regarded as a milestome and the show is rich in regarded as a milestome and the show is rich in record, which has essentially shown to record the regarded as a milestome and the show is rich in record, which has been shown to record the regarded as a milestome and the show is rich in record, with Maysvely intended at all, one that the resonance of the propagation of the heroic, hectory is a market of the propagation of t

sages through artistic media, the climate in Moscow was gradually becoming more unfavourable to fledgling protege had largely intellectuals generally.

The State's entirustant for in fledgling protege had largely exhausted itself by the end of the

The State's enthusiasm for its becoming more unfavourable to intellectuals generally.

What the avant-garde had been deing was neither understood nor actual hostility as Stalin's grip tiked by the public at large, and so the fall from grace was less spectacular than the more charismatic political figures. There was a failure to perceive the contration facing the artist after the revolution: the traditional customers for art (collectors, galteries etc) had been removed at a stroke; now there was only one

fledgling protege had largely techned to be grip characteristics of the catalogue and the elocateristic political figures. There was less that the biographies of mobilize the people for a utopial diction facing the artist after the 1953; Rodchenko's last entry is revolution: the traditional customers for art (collectors, galteries etc) had been removed at a stroke; now there was only one

fledgling protege had largely the end of the 1920's, and was transmuted into the smarthable artists had understood it, comprising free inquiry, faithfulness to a perceived reality and, at the same time, an attempt of mobilize the people for a utopial diction facing the artist after the 1953; Rodchenko's last entry is remarkable artists had understood it, comprising free inquiry, faithfulness to a perceived reality and, at the same time, an attempt of mobilize the people for a utopial the first of a perceived reality and, at the same time, an attempt of mobilize the people for a utopial the first of a perceived reality and, at the same time, an attempt of mobilize the people for a utopial the first of a perceived reality and, at the same time, an attempt of mobilize the people for a utopial the first of a perceived reality and, at the same time, an attempt of mobilize the people for a utopial the first of a perceived reality and, at the same time, an attempt of mobilize the people for a utopial the first of a perceived reality and, at the same time, an attempt of mobilize the people for a utopial the first of a perceived reality and, at the same time, an att

tional.



Reconstruction of Vladimir Tatlin's fanciful "Monu-ment to the Third International;" actual buildings tended to be grimly functional

remarkable artists had under-stood it, comprising free inquiry, faithfulness to a perceived reality and, at the same time, an attempt Soviet Art, 1910-1932" — is at Das Oesterreichisches Museum für angewandte Kunst, Weiskird strasse 3, A-1010, Vienna (the Museum for Applied Art) until

Nicholas Parsons

April 22-28

LPO/Festival Hall **Andrew Clements**

renewed on Sunday evening, when Bernard Haitink conducted programme on this occasion — and almost at the more programme on this occasion — and almost at the more performance was one which could quite easily have cropped up at any time during Haitink's period as the the more he is orchestra principal conductor, performance.

The performance bore all the usual Haitink hallmarks — the lack of histrionic effect, the emphasis on musical essence (underlining in this case how good the tunes are), and the clear-sighted articulary with which its amagem of melodies was laid out. Other accounts could be pronounced more idiomatic, perimps more fun even, but few will seem more committed or

in K.505 Radu Lupu provided a acute response: a superlative con-poetic foil to Haltink's muscular cert in every respect,

The partnership which for 12 exposition of the tuttis and an years was one of the jewels of eloquent counterpoint to his London's orchestral life was moulding of the woodwind solor renewed on Sunday evening, in the slow movement. Lunu did when bernard plantank conducted in best to distribute the Month of the first moveassociation has continued at ing the outlines of the first movedividebourse, where the LPO is ment (in which he deployed Murthe house orchestra, but it has ray Perahia's deliberately been heard infraquently of late in unshowy cadenza) providing the concert hall. The bulk of the melting cantabiles in the second and almost artitish explanation. and almost skittish exuberance

Haitink crowned the concert with a magnificently comprehenthe more he rations his Mahier performances, the more they insight. Every movement here began, the Overture to Die Fis-dermass, was unfamiliar in Hai-tink's hands, its inclusion per-moments to be inserted straight haps a consequence of his ever into one's notional ideal interpre-deepening commitment to the tation of the work - the development rapt with surreal mystery and unworldly horn calls, a scherzo of stealthily measured tread yet melting trio, a set of variations with perfectly focussed and correspondingly super-sinis-ter bass lines, and perhaps supremely a finals conceived for once as all of a piece, launched with theatrical fire and majesty yet reserving its greatest elo-quence for the late, lingering reminiscences of the symphony's earlier experiences. The whole conception was distinguished by the LPO's quite exceptionally

Saleroom/Antony Thorncroft A cookie jar obsession

Sotheby's began its dispersal of on the back, which carried a top the sale of the century - at least estimate of \$150 £1,902 (top estiin terms of size and sensational-ism — by dispersing on Saturday of the art nouveau and art deco collected by Andy Warhol. In this he was shead of the market and the suction room was full of seri-ous dealers and collectors, bidding for important art objects.

On Sunday came the trash or rather the ephemers of the artist's life, the brica-brac which captured his fancy and satisfied his list for shopping. Among his obsessions were cookie jars, the American equivalent of biscuit the Acted to available his determined. tins. Asked to explain his devo-tion to these banal objects Warhol replied "They're time pieces". He peld cents for them, but on Sunday their time had come and two cookie jars, plus a salt and pepper shaker, sold for \$23,100 (\$12,257), to a headlife seeking American. The pre-sale estimate

name, and Bolero in Maurice Bejart's chotsography to Ravel. (at 26 65).

Rethe, Testro. Branctit's Fedra, based on Racine's tracedy, said produced and designed by the composer, with Halina Moretti, Eleonora Jankovic and Antico Tomicle, conducted by Jan Lathum Koenig. (46 17 55).

Turin, Testro Begio. Tucia Valentina Terrami sings authoritatively but over-acts in Bizet's Carmen (stong in French), produced by cheema director Clarife d'Ania and conducted by Serge Bando. Helga Muller Molinari aliterates with Lucia Valentina Terrami in the title role, with Variano Zancanaro. (548.000).

Bolograe, Testro Comunals. Huggaro Raimondi in Don Carlo. A new producted by Yannis Kokke (in obliaboration with the Grand Thestre in Geneva) conducted by Myung-Whun Chung. Also Francesco Cilea's Adriana Leconvrent confuncted by Robertis Abbado, with Mirella Frent and Peter Decesity. (229 986).

mate a miserly \$75) for a Campbell Kid personalised soup bowl, perhaps the inspiration for War-perhaps the inspiration for War-hol's most famous art work; and £3,808 for three plastic Camp-bell's tomato soup can banks. At least he was loyal to the brand that made his fortune.

Warhol's life changed after he

was the victim of a murder attempt by a frustrated actress: attempt by a frustrated actress; he became much more reclusive. The Evening Standard billboard bearing the slogan "Pop Art Shooting, Actress Accused" was acquired for £2,340. Sotheby's had asbedy estimated it at \$100-\$150. In a way Sunday's sale was more typical of Warbol than the art deep matternance and a deep art deco masterpieces sold a day earlier. Most mornings at eleven he would go shopping, often to Vito Giallo's shop in Madison Avenue. He would buy rows and fows of mercury glass vases, copper lustre pitchers and Victorian card cases, buying in multiples, just as his paintings were com-posed of multiple images. Then he might pop down to "Pieces of Time," which specialised in household goods, to pick up the čookie jars.

It is already obvious that the Andy Warhol Foundation for the Visual Arts will receive much example a group of unmounted more than the \$15m estimate hard stones, the stuff of fair-ground arcades, sold for £5.851, as ultimate beneficiaries will be artified a pair of fourteen darat gold hibiscus flower earclips, which had been estimated at up to \$400.

Among the real oddities were character. At the end Warhol had enhancer. At the end Warhol had become a 19th century philan-

Arts Guide

Opera and Ballet LONDON

Boyal Opera (Covent Garden). Peter-Hall returns to Covent Garden as producer of the eagerly awaited new Salome, conducted by Christoph von Dohnanyi, with Maria Ewing in the title role, Robert Hale, Robert Tear, and Heiga Dermesch. The revival of the societi, threadhers

فغ تحروب

Edita Graberova. John Pritchard conducts, and the cast also includes Luis Lina, Wolfgang Brendel, and Giorgio Sinjan. (249 1089) English National Opera (Colissum). Nicholas Hytner's new production of the Magic Fluie is conducted by Ivan Flacher, and has Thomas Randie, Helen Field, John Rawnaley, and Gwynne Howell in the principal roles. The other Mozart opera in reservary is Cod fan tuite. principal folds. The other Mozart opers in repertury is Chel fan luits, with Felicity Lett and Della Jones as the states and Maklwyn Davies and Ruskell Snijfine as their loves. Janaček's Makropulos Case sees

VIENNA

Travelling on Business in the Netherlands?

Enjoy reading your complimentary copy of the Financial Times when you're staying in Rotterdam at the. American Hotel, Hotel Apollo, Garden Hotel, Hilton Hotel, Sonesta Hotel, Victoria Hotel, Doelen Crest Hotel, Schipkal Hilton Hilton Hotel Hotel, Ascot Hotel, ---Grand Hotel Krasnapolksy

FINANCIAL TIMES

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Enjoy reading your complementary copy of the Financial Times when you're staying in Affress at the Hotel Athenseum, Astir Palace Hotel, Hotel Grande Brengne, Hitton Hotel, NIV Meridien

FINANCIAL TIMES

öck, Haydn and Berg: La Travista; Werther conducted by Gringal, with Alfredo Kraus, Hans Hehn, Peter Wimberger (51444, ext. 2858 or 2861), Volksoper. Die Linstigs Witwe; Die Operhauf by Hemberger. (\$1444. ext. \$518/3519.)

NEW YORK

NEW YORK

American Ballst Theatre (Lincoln Center Opera House). Spring season highlights include the world premier of Mark Morris's Drink to Mar Only with Think Ryes, set to Vingi Thompson's score and Santo Loquesto's Set, along with the new productions of Gathe Parisistense choreographed by Leonide Massine and Raymonide choreographed by Michail Baryshnikov after Peptia. (362 6000). Rads June 11.

TOKYO

Philippa Decourse (Thintre de la Villa). Influenced by primitive and folklore danching, is followed by Car-olyn Carlson in an expiresticitist in-let for nine dancers to the amost of Joakim Kuehn at the (42 74 22 77). Manticio Kugal (TAIP-Cautelet), Repgentery from the 1970 scenic concert to his own music. (42 33 44 44). Gentlerdäimhetung (Théatre das Champs Elysées) The end of the dynamic Daniel Mesquich produc-tion of Der Ring des Nibelungen conducted by Berislav Kichness. (47

conducted by Berislav Klohnear. (47 20 36 37).

Le Canjuration (Opera Comighe). Ballet written by the poet Ress Charand Chereographed by Wilhide Piolist and Jean Guissitz. (47 42 87 80).

Contemporary Dance Theatre and Centre Georges Pompidon are showing La Compagnié Contre-Jour followed by Larsen Cie at Beambourg (42 77 12 38).

WEST GERMANY
Butin, Deutsche Oper, Ariadne auf
Name has the interpretations by
Ute Walter, Anna Temowa-Siniow,
James King and Barry McDaniel.
Der Bosshakavaller steirs Anna
Tomowa-Siniow, Ute Walter, Balmut Berger-Tuna and Tominiav Neralic. Manon Lescati has a strong
cast led by Piler Lorungar, George
Fortune and Giorgio Merigin, Fidelio in Juan Pierre-Pointelle's production features Lisbeth Balalev,
Barbara Vogel, Gert Feldhoff and
Gerd Brunissis. Also offered The
higge Finis and Schwimsiss danced
in the title roles by Eva Evyleki-

WEST GERMANY

Mägic Finite and Schwinster danced in the title roles by Sta Evicki-mova and Vladimir Gelvin, (648th). Hamburg, Stantsoper, Il Troyatore with Sharon Sweet, Nathill Trotip Skinya and Juan Lievaras will be conducted by Stefan Soites, John Neumaier's ballet production Dorn-roschen returns. (35151).

Bunka Kalkan). Swin Lake. (Thur).
(455 5660).

PARIS

PARI Frankfurt, Alie Oper. Elektra, in Her-bert Wesnicke's production, features Olivia Stapp in the title role, Anny Schlemm, Helena Doese, William Cochran and John Brocheler, con-ducted by Richard Armstrong.

Cologne, Opera. Così Fan inite is a well done repertoire performance with Margaret Marshall, Andrea Antionian, Teresa Ringholt and Claudio Nicolal, Rigoletto has Wan-stii Janolako outstanding in the little role. Curmen convinces thanks to Victoria Vergara, Guillano Cian-nella, Harald Stamm and Teresa

Ringholz (20161). Suttgart, Württembergisches Staat-sthatter, Fidelio in Yuri Liubinov's production. These has Awilds Ver-dejo in the title role. Also in the repertory: Madame Butterfly and Die Entfuhrung aus dem Serail.

Munchen, Bayerische Staatsoper.
Tamhlätiser stats Nadhe Secunde,
Eva Handova, Spas Wenkotf and
Martii Salntinen. The Magic Finite
has a strong cast with Edith Mathis,
Martii Salntined. The Magic Finte
has a strong cast with Edith Mathis,
Martii Salntined and Class A. Anglo,
Also the Leningrad Kirov Ballet.
(11861).

ITALY

ITALY

Miles: Teairo Alla Soala. Donissiti's
L'Elisir d'Antore directed by
Andre's Enth Schamman (the first
winnen director here for 30 years),
with scenery by Giorgio Cristial and
costumes by Jacques Schmidt. Lucisup Pavarotti sings Nemocinit Giusup Pavarotti sings Nemocinit Giusoppe Parané conducts. 20 91 25.

Milan: Teatro Nuovo. Five Tangos
(intale by Astor Paraolia sind Choreography by Hans van Mantel), Paide Deux, danced by Inscham Savignano, and Bolero in Maurice
Bejari's chotéography to Ravel. (41
82 65).

FINANCIAL TIMES

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Tuesday April 26 1988

The cap needs replacing

for many useful analyses of Brit-ish Budgets over the years. Yesterday's effort, however, was well below par. The committee had an opportunity strongly to back the Chancellor's policy on sterling and to rebuke the Prime Minister for her unhelpful interference earlier this year. But instead of explaining in detail the folly of allowing the pound to soar to unsustainable levels against the DMark committee members D-Mark, committee members wasted space detailing (yet again) the chameleon nature of the Medium-Term Financial Strategy. They also worked themselves into an unnecessary lather about the largely academic "costs" of intervention in foreign exchange

It is worth reflecting that if Britain had become a full mem-ber of the European Monetary System last year, the damaging row between Number 10 and Number 11 Downing Street would never have occurred. Demands for a revaluation of sterling within the system would have been greeted with incredulity. "Don't you realise," the UK's partners would have argued, that your balance of payments is deteriorating rapidly and your inflation rate is far too high." The fear instead would have been that declining industrial competi-tiveness would have forced Britain eventually to demand a sizeable devaluation of the pound against the D-mark.

Valid logic

Yet the logic that would have applied had Britain been a full EMS member remains largely valid today: the D-mark band that the Chancellor was trying to defend until the Downing Street row represented an ambitious exchange rate target in anything other than the very short term. It is extraordinary, therefore, that so many commentators apparently see no harm today in allowing the pound to "find its own evel." They have not learned the lesson of 1980/81 when uncontrol-led sterling appreciation caused thousands of unnecessary bank-ruptcies in UK manufacturing. whether the pound's appreciation should be stemmed, but how. Strong currency countries such as West Germany and Switzerland in the past have deterred undesirable capital inflows with interest rate penalties for foreign

THE TREASURY and Civil Service Committee can claim credit UK could operate a similar policy many useful analyses of Briticy: there is no reason in principle Rudout analyses. ple why all classes of interest recipient should receive the same return. Discrimination would make sense if the interest rate compatible with external stabilpatible with internal stability. But action along these lines French presidential elections on would be premature today pre-cisely because Britain's status as a strong currency country is so doubtful. The pound is likely to

Respectable policy

The tactics for combating spec-ulative surges in sterling thus remain intervention or interes rate cuts. Intervention in the face of unsustainable currency swing is a perfectly respectable policy albeit one that requires a great deal of confidence and determina-tion on the part of those involved. It may have implica tions for domestic monetary growth and inflation, but thes are hardly avoided by the alter native tactic of interest rate cuts A judicious combination of both options remains the best strategy in the months ahead. The Treasury should certainly not give the impression that it is prepared to intervene only to smooth the mildest of bumps on a trend it knows lacks economic logic.

The main difficulty with interest rate cuts is the fear that they will exacerbate inflationary pressures in the housing market. These risks are real even though the Treasury's model suggests who voted for Mr Le Pen on Sunstant personal credit demand is insensitive to its cost. But the problem here is not primarily macroeconomic; it follows from his appeal to the Le Pen camp the failure to deregulate different sectors of the economy at the same rate. The absence of an effcient market for rented accommodation, the raft of tax distor tions in favour of home ownership and the continuing march of financial deregulation together ensure that house prices can be kept under control only by pursuing macro policies that would be too tight for the rest of the economy. This is a dilemma that cannot be resolved in Great George Street.

Chirac on the ropes

of the French presidential race Minister, who managed to score have passed the finishing post in less than 20 per cent and only the predicted order, but the sig-just beat his over-relaxed centrist nificance lies in the distances rival, Mr Raymond Barra. It separating them. If the favourite, could well be that Mr Chirac. Mr François Mitterrand, romped who has always made a point of home in only a marginally less his law and order policies, lost impressive manner than generally expected, the runners-up violent unrest which broke out have produced some surprises just before the poll in New Calewhich could have an important donia. But that could scarcely be impact on the final result.

Even if it is accepted that It seems that what has been French voters allow themselves a said about the need for a French fling in the first ballot, well presidential candidate to have an aware that it is only in the sec-efficient party organisation ond round that the President is behind him is not quite as obvielected, the performance of Mr ous as it appears. For Mr Chirac Jean-Marie Le Pen, the extreme was backed by a well-oiled and right-wing National Front candidupamic party machine which date, must be considered some-conducted his campaign on slick, thing of a bomb-shell With more American-style lines, while Mr than 14 per cent of the vote - 3

Barre had to depend on a heteroto 4 percentage points more than geneous centrist grouping, generathe poils forecast before the election - his National Front has, the gap between Mr Chirac's and for the moment at least, replaced Mr Barre's score was only about the once-powerful Communist

3 percentage points. Party as the fourth political force

Mr Le Pen might not be able to Difficult deal repeat such a good score in a parliamentary election, but the result says a great deal about his charisma and the manner in which the presidential election campaign has been conducted. Whatever else may be said about him. Mr Le Pen is a superb TV performer, offering clear-cut nationalistic and racist policies with a direct appeal particularly to those who feel their livelihood and life-style threatened by the large number of immigrants in France. His support comes not only from the right, but from dis-illusioned working class Communist Party voters.

Clever uncle

By comparison, his rivals were unable to offer the electorate, other than their very different and well-known personalities. anything more than an ill-defined and almost indistinguishable policy mix. That, it appears, was a restructuring of the moderate icy mix. That, it appears, was a mistake, except in the case of Mr right and centre into a more Mitterrand, whose status as the cohesive political force, he would incumbent President and well- do well not to have any truck polished clever uncle image gave with Mr Le Pen. Even for some

tively poor performance of Mr National Front, either for moral Jacques Chirac, the neo-Gaullist or practical reasons.

THE HORSES in the first round RPR candidate and present Prime some support as the result of the

round, but he has emphasised those for the four hundredth that he counted on the Prime anniversary of the Spanish Minister "to defend the goals which we hold dear - an open ing a huge success. and tolerant society which refuses xenophobia, racism and all forms of extremism." It is difficult, if not impossible, to see ments, with private support, how Mr Chirac can negotiate a have gone to some lengths to put deal with Mr Le Pen, which on a continuous show. There will would assure him of most of the be fireworks, sailing, bicycle and of the centrist electorate.

Indeed, if Mr Chirac is genu- a cricket match between the inely interested in promoting a Netherlands and the MCC in one as ambitious as Mr Chirac At least as surprising as Mr Le the ultimate French political Pen's breakthrough, was the rela-prize is not worth a deal with the

Ian Davidson examines the result of the first round in France's presidential election

A time for damage control

WITH HIS breakthrough in the the French right. The verdict of first round of voting in the the first round is that these divi-Sunday, Mr Jean-Marie Le Pen, leader of the extremist right-wing National Front, has transformed the political scane. Not merely

is now even less in doubt than before – it must surely be Presi-dent François Mitterrand. One reason he will win is that the entire right is now in deep disar-ray, to the point where there will be a fierce struggle for the soul of France and more particularly for the soul of the right.
It is now extremely difficult to

imagine any way that Mr Jac-ques Chirac, the Prime Minister and Gaullist challenger, can gather enough extra votes to beat Mr Mitterrand. With less than 20 per cent in the first round, Mr Chirac must multiply his score by more than two and a half if he is to come top in the second. That is an unlikely achievement, but the difficulty is not merely arith-

To win over 50 per cent of the votes next time Mr Chirac needs to attract not merely all the 16-plus per cent chalked up by Mr Raymond Barre, standard beare? According to the opinion polls, a significant proportion of those because he must, but the more he does so, the more he is likely to

The right-wing quandary was eloquently displayed for all to see on Sunday night, when Mr Chirac and Mr Barre made a joint. But whereas Mr Barre ruled out any support for zenophobia, racism or other forms of extremism, which smacked of a campaign to woo the National Front voters, with promises to fight "delinquency, criminality, terrorism . . . and

clandestine immigration long-standing divisions within taining law and order.

sions are more profound than had generally been appreciated.
With three mainstream candidates in the field — Mr Mitterrand, Mr Chirac and Mr Barre the pound is likely to be back in a downswing long before the details of such a scheme could be agreed. Indeed, this week's trade figures may provide a timely reminder of the first position.

The political scene. Not merely rand, Mr Chirac and Mr Barre—the main interest of the first round seemed to be its function as a primary contest between the two right-wing champions. During fragility of Britain's external position.

The identity of the final victor wing parties. Mr Chirac steadily overtook Mr The identity of the final victor Barre, and by the eve of polling it was widely assumed that he would turn out to be the uncon-tested victor of this primary, with around 24 per cent. Mr Le Pen was, as he described himself, the "disturber," with an opinion poll rating of 10-12 per cent, but probably not (it seemed) the deci-

The out-turn has been quite different. Not merely has Mr Le-Pen done considerably better, but Mr Chirac has done much worse than expected. The result is that barely five percentage points divide the two men, with Mr Barre in between. Whether this ranking really

gives a durable picture of right-wing opinion in France is a ques-tion which in the immediate afternath of Sunday's vote canbut it is bound to cause serious anxiety to the traditional rightwing parties. On Sunday night many politi-

for the centre-right, but also all cal commentators were auxious the 14-plus per cent of Mr Le Pen, to make the point that Mr Le Pen's stunning breakthrough does not mean that France is 14 per cent fascist, and no doubt they are right; on the other hand, even if it is played down as a protest vote, the National Front could turn out to be a lasting

Exactly why Mr Chirac's sup-port collapsed during the final week of the campaign has not yet of north African lumnigrants. been satisfactorily explained. Evi-Since Mr Le Pen's vote is often

violence in the French overseas between the three mainstream possession of New Caledonia two candidates. days before the vote, in which killed and 26 were taken hostage by militants of the independence capitalism. When Mr Mitterrand movement. At all events, the won, he and his Socialist Party news must have undermined Mr came to power with an old-fash-Chirac's repeated claim to have ioned socialist platform aimed at From the beginning of the cambeen both more conscientious changing French society, through paign it was clear that one of the and more successful than his nationalisation, higher wages decisive factors would be the socialist predecessors in main- and increased public sector

xplanation, the voters' verdict shows that the apparent rise in Mr Chirac's popularity in the polls stood on unreliable foundations. His main claim to the pres-idency is based on the fact that, as Prime Minister since the right-wing victory in the 1986 general elections, he has led a Government which has successfully carried out a right-wing policy, with deregulation, privatisa-tion and a continued fight

Sunday's result suggests that the Government's record does not carry enough popular credibility to make Mr Chirac the uncontested leader even of the moderate right. In terms of num-bers, the extent of his setback can be measured from the fact that his score on Sunday was

largely effaced, and the pro-grammes of all three of the main-stream candidates sounded remarkably similar. All three emphasised the need to make France competitive, all three stressed the priority attached to France's commitment to the EC and the single European market

Le Pen gained heavily but other right-wing candidates' losses were even greater than his gains

he came third behind Mr Mitter-

According to the conventional wisdom, Mr Le Pen's success is based on his ability to mobilise popular resentment at the rise in unemployment and the presence strongest in places like Marseilles and the suburbs of Paris, where. appearance on television to being retering in many and the suburbs of Paris, where announce that they would be stressed issues of immigration ably correct. In addition, however, it seems possible that Mr La candidacy for the second round.

But whereas Mr Barra rolled on the second round.

But whereas Mr Barra rolled on the second round. and law and order.

We chirac may have suffered Pen's appeal has been magnified severely from the outbreak of by the appearance of consensus

> debate between socialism and employment, a shorter working

only slightly better than his vote of 1933, all three promised to in the first round of the last presidential elections in 1981, when research and development; and Naturally, the flavour of Mr

Mitterrand's compaign has been more left-wing than that of his right-wing rivels, with more emphasis on social justice and equal opportunities, and with a promise to reintroduce a wealth tax. And whereas the right-wing. candidates promised to pursue the programme of privatisation. Mr Mitterrand becamerely under taken to let the matter drop he would halt the privatisation programme, but he would not rena-tionalise companies privatised by the Chirac Government. In terms of fundamental principles, there-fore, this election campaign has

In so far as there is a large degree of ideological consensus. of the EC imposes imperatives which cannot be ignored, partly because the claims of market

merely as a protest movement against specific ills like unemagainst specific his fixe themployment or immigration but as
the expression of a sort of crisis
of identity brought on by the
hangovers of France's colonial
past, symbolised by north African immigration and violence in

New Coledonic and intensified can immigration and violence in New Caledonia, and intensified by the prospect of a European future which may seem to imply an attack on national autonomy

and glory.

This may seem functful but it would not be surprising if France tional right-wing suffered from were undergoing transitional stresses. The imperative of the BC may be unavoidable, but it has forced both sides of the political establishment to abandon their traditional vocabulary.

Moreover Europe is not a soft option: the French are obsessed by the fear that they may not be competitive with the Germans, and worried by forecasts that unemployment, so far from falling as in the UK, may actually rise over the next four years from rise over the next four years from

is that Mr Le Pen's success coincides with an overall loss of support for the right, very broadly defined. Mr Le Pen has gained very heavily; but the losses of the other right-wing candidates have

FROM PARIS (C.D.G)

Monday to Friday

Departures

week and earlier retirement.

Within less than two years these ambitions had to be abandoned under the pressures of external reality and the discovery that France was, after all, only a middle-size country, which was critically dependent on its economic relations with its partners in the European Community, and which had to be managed on competitive terms.

In this presidential election, by contrast, the traditional left-right ideological dialectic has been largely effaced, and the programmes of all three of the mainstream candidates sounded remarkably similar. All three election

Mr Mitteriand solved the left wing dilemma by building up the Socialist Party machine, by form-ing an alliance with the Communists, and then by forcing the Communists to submit to policy

The right-wing parties will have to try to deal with their new problem in an analogous way but they face three extra difficul

protest movement; it is the other parties on the right which need which have lost credibility, to

judge by Sunday's vote.
If there is to be a reali on the right, it must be based on the RPR neo-Gaullist party, since it is the largest and most discieen even greater than his gains. plined party machine. No doubt Britain, because all the main-stream political formations have shifted to the right.

for example, all the right wing will try to achieve, in preparation parties together secured 55 per for another attempt at the presi-cent of the vote, of which 10 per cent went to the National Front. unless he does exceptionally well.

On Sunday the aggregate vote of in the second round, his credenthe three right-wing candidates to be leader of a united but totalled under 51 per cent, moderate right-wing party would because the combined vote for seem to have been seriously damthe candidates of the traditional aged.

London Departures

So will pay

Diet.

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Just William and Mary

ERritain and the Netherlands are about to be hit by an enormous exhibition, or rather series of exhibitions, stunts and events, that will extend until June next

The celebrations of William

and Mary Tercentenary Year could be controversial. In fact, they will probably not be since most of the potential embarrassments have been dealt with in advance. For example, it is not being remembered, as was origi-nally suggested, because not Of their intell everyone believes that the events of 1688 were all that glorious. The Catholics were not treated very well, especially those in Ireland, and even the Bill of Rights of 1689 leaves a lot to be desired by those who would prefer a written Though, theoretically, Mr Chirac could still beat Mr Mitterrand if all those who opted for Mr Barre and Mr Le Pen in the first round switched their votes to him, this is very unlikely to happen. Mr Barre may have endorsed Mr Chirac in the second round, but he has embhasised these for the four hundredth these for the four hundredth.

National Front vote, while at the hot air balloon races, an same time honouring Mr Barre's exchange of royal visits as well precept and gaining the backing as cultural events in both countries. Almost the final act will be

> Alas, poor Barre Those who would have preferred to see Raymond Barre as 28.3m in 1984. the next President of France - Lee has no the next President of France — Lee has no plans to rejoin the 228,000. The house is now worth and there are a lot of us around world of football. "It's no longer 2180,000. In London — at least had the the spectacle it was," he says. Winner was David Hobley, of

OBSERVER

Barre has always seemed a kind of French Roy Jenkins, I said this to a French person. It was intended as a compune but was taken as an insult. Yet men do have a lot in common. Both were members of the European Commission, both keen advocates of the European Monetary System. Jenkins was a successful Chancellor of the Exchequer and Barre made his the Glorious Revolution that is mark as Prime Minister and

Of their intellectual ability there is no doubt. Yet both gained a reputation for indolence and confortable living. It was probably quite unfair, but per-haps that is what let them down in the end. Anyway, it is our loss.

On from football MAt the age of 44, Francis Lee wispy fair hair that made him such a distinctive figure on the football field for Manchester City

and England. He stood out from the crowd off the pitch as well as on. Many soccer stars drift into retirement with no qualifications and limited career prospects. But during the last six years of his football

Now, with his appointment as Take the runner-up Bruce Sar-a non-executive director of Hazle-son, manager of the Midland at wood Foods, he has completed Banbury in Oxfordshire. When the transition from changing he isn't running the tote at the room to boardroom. His 2.5 per Warwickshire Hunt point-to-point cent stake in the group is worth around £11m.

"Francis is a good, grass-roots, northern husinessman who will delivering calendars. He was keep us focused on making profits, says Dennis Jones, the finance director of Hazlewood, in renovate a farmhouse. Their which bought Lee's company for Midland open loan account, later



"If there's been an electora

nnection: some of the tollet rolls thrown on the pitch by sup-porters are made in his factory.

Soft-centred banks whittle wonder that presentations for the bank manager of the year competition run by Family Wealth magazine and Channel Four's Moneyspinner programme were held at the Bleeding Heart ing life Lee built up his own busi- wine bar. There was no question ness selling paper tissues to of the blood-out-of-a-stone syn-

drome among the altruists there Werwickshire Hunt point to point he is meeting his customers on their own territory. At Christmas he acts as the bank's postman. converted to a mortgage, came to

home care assistant Jean Ather ton who said he was always happy to visit old people in the locality and sort out their finan-cial affairs whether they banked with him or not. with him or not.

Hobley was careful to point out that this did not mean he was a soft touch. Nor, assured finalist Graham Foster, was he, even though, as manager of the Woodsley Road branch of Yorkshire Bank in Leeds, he advised his nominator to withdraw some of his money and place it in a build. his money and place it in a build-ing society account.

He said: "To be honest I don't remember. But I suppose it was good advice. Their interest rate is better than ours."

Coming Amiss

Tim Rice, the lyricist and resident of the charity organisation, the Lord's Taverners, presented their cricketer of the year award to Dennis Amiss yesterday at the London Hilton. Rice announced the former England opener as the 11th highest scoring batsman of all time and the "highest scoring Dennis" which was rather hard on Denis Compton sharing the same table and 19th in the all time league. Rice said Amiss enjoyed the distinction of being the only adverb to have played. He said: "There are plenty of adjectives such as Slack and Green and Close, and there is the odd verb like Boycott and Foster. There is even a conjunction, a chap called Butt, but Dennis Amiss is definitely the only adverb." Amiss, who works for Hodgson Holdings, the funeral director, took all the jokes about playing for the sahes in good spirits.

Name dropping

MAustralia's latest migrants from Asia may be called "Naussies" when they arrive down under, but there are other names for them before they leave. From and there are a lot of us around world of football. "It's no longer 1280,000.

In London – at least had the consolation of seeing him give "There are few characters in the Jacques Chirac a better run than game." But he retains a slight pool. He was nominated by a wardly mobile people.

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LONDON CITY **AIRPORT**

A MOWLEM ENTERPRISE

international issues surrounding the decision by P&O European Ferries to withdraw recognition from the National Union of Sea-

First, and best understood, it is

a specific instance of a company

grappling with the onset of what

can be presumed to be feroclous competition from the Channel

Tunnel in four years time. Sec-

ond, it shows that the ferry com-

panies are no longer immune from the cost cutting pressures which have led to much of the rest of the developed world's

fleets registering under flags of convenience ("flagging out"). Third, it is another example of

general attack by employers, sometimes alone, sometimes aided by Governments, on labour

cartels and agreements to which

they have previously been party but which they say they can no longer afford. It is the latest, in

other words, of a line of such engagements which includes the airline, road hanlage, coal min-ing, printing and television industries and which has been

especially marked in the UK over the past decade.

labour arrangements for British

seafarers looks rocky. That is not

new. If P&O succeeds in running

a service with a non-union crew

however, and no compromise is found, then the seamen are likely

to be no more successful than

other groups of workers in resist-

ing the trend.

P&O ferries have been strike-bound for some 12 weeks now,

beached by the NUS's resistant to a package of measures which would see over 360 redundancies

declared from P&O's 2,000 sea-

men, longer hours on board ship

and different shift patterns to

make £6m annual savings.

Both sides have shifted in the

course of rough negotiations, much of it at the offices of the Advisory, Conciliation and Arbi-tration Service. The company has reached limits defined by its esti-

mation of the competition; the union limits defined by its own militant shop stewards and fears

of opening a door through which other ferry operators are bound to charge. Hence the company's

view that it has had no choice

but to step outside of a system which has prescribed its employ-

ing seafarers from a pool of cer-

tificated labour called the Mer-chant Navy establishment, jointly run by the British Ship-

ping Federation, the NUS and the officers' union Numast.

In doing so, it is attempting to follow what most other OECD country fleets have done over the:

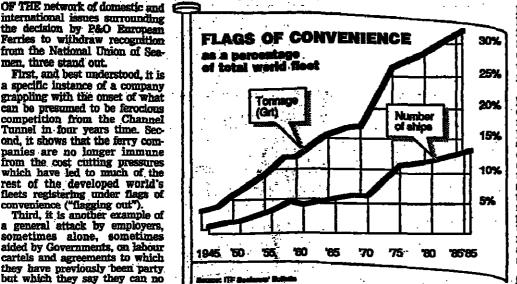
past ten years; cut labour costs by pulling out of union agree-ments. But where P&O, uniquely

for a big operator, is making the break by busting the union, most shipping lines have done so by

In this case, the fate of the

men, three stand out.

P&O FERRIES DISPUTE



The threat of the museum

By John Lloyd

on stringent checks, on close inspections of certificates and

growing hugely. The two biggest, international Labour Organisa-Liberia and Panama, have a little tion is \$286 a month, it regularly over and a little under 50m sees cases of seafarers getting tonnes respectively on their \$100 a month and less. Figures books. As an example of growth, submitted by P&O to the House the Philippines shows how mas- of Commons Transport Commit-sive the demand is: its fleet grew tee last April showed startling from 1m to 7m tonnes over the differences in the wage bill for a past decade. West Germany, the bulk carrier (see table). US and the UK all have more For many seafarers US and the UK all have more For many seafarers' unions, than 50 per cent of their deep sea including the NUS, this wide dis-

UK UK/Indian

Single union agreements

Flag

Hong Kong

arrangements are recognised by the seafaring unions.

over \$900 a month and a rock bottom minimum set by the UN's

fisets under foreign flags, accord-fisets under foreign flags, accord-parity in wages has meant that ing to their shipowners organisa-tions.

Many countries including the coastal trade (though many of Many countries, including the coastal trade (though many of UK, Norway, Spain, Holland and these little one- or two-ship comfrance are using "dependent terpantes quietly cut wage rates by ritories" — like the Netherland local take-it-or-leave-it agree-Antilles, the Canary Islands, the ments) and the ferries. There, the

ANNUAL WAGE BILL FOR A BULK CARRIER Crew

leverage is increased by regular home port docking, sensitivity to image and bad publicity, a workforce more easily organised than on deep sea ships and a wish by the ferry companies to fly the In theory, flagging out was a possible weapon in the armoury of Peter Ford, P&O European Fer-

ries' chairman; or he could do what many UK shipowners have done, and find a half way home on the Isle of Man. But in choosing instead to capitalise on the fears and dissatisfactions of some of his crew and derecognise the union, he has taken a more radical course. It is one which, if pursued generally, will not con-tinue the shrinkage of the British merchant navy establish as flags of convenience do - but

strikes at its base.

Deep sea lines had no real incentive to take on the unions while they could sidestep them.

The ferry owners did, hence their

Will P&O succeed? It faces a number of immediate problems. First, it may face international union pressure: the NUS has forged close links with the French CGT, which organises most dockers and seafarers on the French ferries, while the International Transport Workers Federation has asked Dutch and Belgian unions to express solidarity. However, no one places very much faith in the enthusiasm of the latter two.

labour arrangements of their own to establish offshore registers will have to persuade the officers companies far behind them. They have sought refuge, in effect, in other countries by flying the flag of the Isle of Man – these on at last on stringent checks. On along the sum of a nation which does not insist on stringent checks. on stringent checks, on close the sessiving unions.

The international Transport ally get on board ship, through training standards and which workers Federation says that their colleagues' picket lines.

In the slightly longer term, it will not automatically be able to recruit high calibre crew from unionised sources. Though the Merchant Navy establishment proved relatively costly to the employers, it guaranteed a cer-tain level of competence and experience. On a routs whose ferry customers have the Herald of Free Enterprise disaster still at the back of their minds, the prospect of obviously raw crews does

not appeal. But if they succeed, then Sealink and the other operators can do no other than follow the same route - or at least emulate the signed to the dusthin of history. Fleet Street proprietors, who followed in News International's sible to maintain that the Carter Wapping wake. The Merchant years, far from being the unmittiwapping wake, the merchant years, far from neing the timulty under strain and dwindling, could be expected to wither away: while the NUS, now talking merger with the National Union of Railwaymen, would join agricultural workers, bailgrowkers and workers hallgrowkers and was close the following bears and the following bears are the following bears and the following bears and the following bears and the following bears are the following bears and the following bears are the following bears and the following bears are the following bears and the following bears and the following bears are the following bears and the following bears are the following bears are the following bears and the following bears are the following bears are the following bears and the following bears are the following bears and the following bears are the following bears are the following bears and the following bears are the follo

RONALD REAGAN won the last two presidential elections by running against Jimmy Carter. So, it seems, according to a speech in New York the other day, may George Bush, who spent an awrill lot of time reminding an audience of Mr Carter's economic policies (fair enough; Mr Bush, who in 1980 described candidate Reagan's prescriptions as "voodoo economics", would not want too much attention paid to parts of

this Administration's record). There are many things Mr Bush is not, but one of them is that he is not a fool. He was speaking before last week's Democratic primary in New York on the double assumption that Mr Michael Dukakis would win it and that he could then get away with portraying the Governor of Massachusetts as a Carter clone in the general election campaign, He was right on the first score and the second has a certain superficial plansibility. Both Mr Carter and Mr Dukakis brought to their campaigns successful records as state governors, inclinations to managerial philosophising, a fondness for formulae (remember the zero-based bud-

get?), liberalism on matters for-eign, especially human rights, and, to be frank, campaigning styles bordering on the under-whelming. Of course, Mr Bush will want the electorate to reflect less on the Carter of 1976, who won, and more on the 1980 version, who lost. This suggests that much will be heard of the "misery index" (the sum of inflation and unemployment), impotence in the face of assorted foreign demons, and Mr Carter's "malaise" contrasted

with Mr Reagan's "walking tall".

The Democratic Party does not like Mr Carter these days. It has made him a "superdelegate" to the convention, but this was the least that it could decently do for its only living ex-president. This lack of forgiveness is not very becoming and compares poorly with the apparent, if relative, success among Republicans of the umpteenth attempt at rehabilitation by Richard Nixon, who did his country more harm than

ever Mr Carter did.

But, on the assumption that dusk is failing on Mr Reagan's "morning in America", it might behove the Democrats to take a second look at the Carter record in office and indeed to conclude that not all of it should be conworkers, boilermakers and smiths in the museum of working of Whatever their intrinsic merclass organisation.

FOREIGN AFFAIRS

A second look at the Carter record

bring Israel and an Arab country the Gulf. American hostages are together for a serious agreement, still being held and Mr Reagan's parts of which (the maintenance of diplomatic relations between ism looks bollow in the light of exertion of pressure on Israel and through the personal commit-ment of the President himself. Nor was Mr Menachem Begin any less intractable at the outset • In Central and South America, than Mr Yitzhak Shamir. The Reagan administration has produced no comparable achieve of the awful Somoza in Nicarament in the Middle East, and gua, by peaceful means, and indeed has generally appeared to enhanced international awarebe without consistent policy in the region, unless it be reflexive support of Israel.

• Mr Carter did not have the

luxury of Mr Mikhail Gorbachev in Moscow, intent on withdrawing from Afghanistan at all costs and generally being creative. But the sovereignty of a third, Panhe did extract the Salt 2 Treaty ama; and that is just for starters. from Mr Brezhnev, which may Admittedly neither president not have been ratified by the Senhas had much of a policy in ate but the terms of which were, southern Africa, but at least Mr

of diplomatic relations between ism looks hollow in the light of Israel and Egypt) still hold up. the Irangate disclosures that he This was achieved through the was prepared to deal for their release. The bottom line is that the menace of terrorism, as we than it was in 1980.

> ness of the denial of human rights in countries like Argeninvade one small island. Grenada; failed to destabilise, by force, another small country, Nicaragua; sought to undermine

Jurek Martin suggests Jimmy Carter's presidency was not the unmitigated disaster which George Bush is presenting to US voters

more or less, respected by the Carter contributed to the cre-two superpowers. It may also be ation of Zimbabwe, whereas Mr claimed that the Nato twin track Reagan's "constructive engagepolicy, adopted in 1979, paved the way for last year's INF treaty, as much as Mr Reagan's proclama-tion of the "double zero" option.

• Mr Carter may have suffered on the cross of Iran but so, if with less public agony, has Mr Reagan. The current President said, in the 1980 campaign, that he would set "a date certain" for the release of US hostages, after which unspecified retribution would fall on fran. Kight more years of provocation, from the US point of view, have continued with relative impunity for Iran, apart from a few oil platforms in

ment" shows no signs of producing an independent Namibia. On the economic front, it is impossible to deny five plus

appointed Paul Volcker, without no choice but to match fire with whom, in the 1980s, Mr Reagan fire.

would have been lost - yet whom he and his minions persistently tried to undermine. In terms of legacy, Mr Carter handed over to Mr Reagan bud-get and trade deficits that together amounted to about \$70bn in the 1980-81 fiscal year. These looked bad at the time but are less than a quarter of the \$300bn plus that Mr Reagan will pass on to his successor. In fact, Democrats might make much of the "red ink index".

Mr Reagan is considered, of course, to be a scourge of protec-tionism. Yet the Trade Bill of 1979, wrapping up the Tokyo Round and certainly not imbued with protectionism, went through the US Congress with less than ten votes against in both houses, demonstrating that Bob Strauss of the Carter Administration was a better special trade representa tive than any before or Both the 1984 trade bill, signed by Mr Reagan, and that now in front of Congress, while different in scope from the 1979 legislation, constitute retreats from free trade, as do assorted US bilateral agreements, such as the car and semi-conductor pacts with Japan, both concluded under the present Administration.

In matters of public propriety, the Carter years now look models of rectitude compared with the last eight. Admittedly, there was an early local difficulty with Mr Bert Lance, the Georgian banker, now intriguingly back in the political game as a senior fixer for the Rev Jesse Jackson, Later, the American press, having dis covered the post-Watergate delights of "snort and tell" journalism, tried repeatedly to pin drug raps on Mr Hamilton Jor-dan, the White House chief of

The addiction to sleeze in the Reagan Administration has been largely unhampered by an investigative press, perhaps because it was more interested in competing for places at the White House dining table. The law-breaking in Irangate bespeaks an arrogance of power which Lord Acton would surely have included in evidence. Mr Edwin Meese, the Attorney General, is surely the least qualified to have held the position of chief law officer since the country earned its independence. (John Mitchell, Nixon's attorney general and Watergate Reagan Administration has been attorney general and Watergate convict, was, at least, a good

years of vigorous growth under
Mr Reagan (not that, on the
growth front alone, the Carter
years were bad). Both had dollar
crises but at least in 1979 the
problem was recognised through
the issuance of Carter bonds,
whereas the Reagan Administrabond lawyer). whereas the Reagan Administra-Perhaps only if a British Sunday tion has maintained for too long newspaper hires him to report that a strong currency was a sign the campaign will the necessary of national virility. Never forget, comparisons be made. Or if Mr too, that it was Mr Carter who Bush leaves the Democrats with

From Mr Tim Webb. Sir, Mr Roy Sanderson's reply (April 13) to your editorial on single union agreements is less than complete. Whatever theory lies behind the KETPU electricians' "strike-free" agreements, it is their practicality that is most rel-

The fact is that this type of arrangement is incapable of dealing with many, often difficult, sit in breach of these agreements. Sir, in the late 1960s the untions when employees have a Even within tightly controlled port and General Worke genuine collective grievance or Wapping, the printers voted to (TGWU), the AEU engineering claim. Such agreements have abandon the union selected for union and the NUGMW manufacclaim. Such agreements have already caused aggravation rather than resolving it. At Ritachi, there was a spontaneous sit-in and withdrawal of labour when management allegedly ignored the salary recommendations of the union/company comcil. On the brink of a dispute, Sanyo had to invite ACAS (the Advisory Conciliation and Arbi-Advisory, Conciliation and AridWhen panaceas are proposed the signatories were Frank Coustration Service) to interpret the for the complex world of industrial relations, they should be respective general secretaries or the signatories could not agree. Objectively assessed rather than presidents of the unions content of the uni they believed to be the too-close sure sales pitch, collaboration between full-time Tim Webb, officials and management over Manufacturing Sci 79 Camden Road, NW1 the heads of the workforce.

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Businesses will pay more, not less

From Mr Howard Knight. than the Sir, Your report, "Businesses period. win concessions on rate plan from Ridley" (April 22), implies that all businesses will be pleased with Mr Ridley's decision from revaluation.

Unfortunately you did not report that the cost of such phasing in is to be met by a supple-ment on those businesses which should have a reduction in their rates expenditure. So busines fered from the Government's continued refusal to undertake regu- Howard Knight, lar revaluation will now be 18 Lyons Street, required to continue to pay more Sheffield, Yorkshire

Given that (in general) the businesses which are protected are in the south of the UK, and pleased with Mr Ridley's decision to phase in any increases of the uniform business rate arising from revaluation.

those paying inequitably more are located in the north, how does this square with the Government's stated plans for economic regeneration? If businesses in the south would face transitional difficulties, why does Mr Ridley not follow the example of his ministerial colleague at the Department of Health and Social Security, and offer a loam?

provided staff status, common hours of work for all employees Letters to the Editor single canteen and so on. Opera-tors with engineering skills were

> The district committee of the member entering employment as a refinery operator under a TGWU agreement would be Sir, In the late 1960s the Transexpelled from membership of the union. Informed of the national port and General Workers Union ement, the district committee declared that it had never heard of Cousins, Cooper was unknown, and Carron had no jurisdiction over the Teeside dis-

> > Happily, reason prevailed. It is sad that the TGWU, an early ben-eficiary from enlightened work practices, should now be turning its back on hard-won progress to conform to international norms of rational behaviour. In the case of Dundse, history had lessons to teach the TGWU. Perhaps it should now consult its archiv

new refinery on Teeside at that Peter Linklater, time, and an agreement with The Gables, negotiated with the TGWU. It Lewes, East Susser

than they should for an indefinite From Mr Tom Lyon. in the US - that the smaller period. Sir, Charles Batchelor ("To company environment is freer

many innovative features was

Audit or not to Audit," April 12), and less stifling than our own. makes no reference to the inter-mational picture regarding the minority shareholders, we statutory requirement for small believe that the small company companies to have their accounts audit requirement in the UK andited. The UK remains the only need, as perceived by the directimportant developed country tor/shareholders, and that the which insists on retaining this Government should exercise the statutory requirement. No evidence has been produced so far to pean Community (EC) 4th Direction of the contraction of t show that countries like West tive to remove the statutory

To audit or not to audit

Germany, France, Italy, Japan, Australia, Canada and the US suffer, in the ways the article Tom Lyon, suggests, from not having it. The Union of Independent Compa-On the other hand there is nies, plenty of evidence - for example PO Box 186, SW7

increasing the company propa-ment from the year before, ganda element of reports. This bears out the reality of why companies want shorter reports. Shorter financial accounts means more scope for presenting a company's finances in the best possible light — no matter how accurate the multi-columned graphs and pie charts.



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Less of a <u>purchase</u>, <u>more of an</u> investment

Evidence is that 'mini' annual accounts do not actually save money

From Mr A.E.W. Fletcher.

Sir, I was surprised by Mr Animey Wilson's letter (April 14) White Heather, about the time spent by private 2 Orchard Lea. investors reading companies' annual reports. The annual report provides small investors with their one and only opportu-nity, during the year, of under-standing what their company

A.E.W. Fletcher, 2 Orchard Lea,

From Mr Bugh Williamson. Sir, in all likelihood, after the next Companies will be alloyed to produce shortened annual accounts. in is very informative. It would be a retrograde step if wider share ownership, rather than bein it. However, the issue reduced — and I certainly conmend those companies which go to great lengths to keep their shareholders advised.

coloured graphs and pie charts.

to great lengths to keep their shareholders advised.

As a researcher in a trade quality information — and more Hugh Williamson, as an escarcher in a trade quality information — and more Hugh Williamson, quality information — and more Hugh Williamson, the content of Alternative Industrial of the current situation is Centre for Alternative Industrial Acceptable either. A and Technological Systems, were limited reports — a move are either frustrated at the lack recent survey of company Polyacchaic of North London, accounts made by the Institute of Holloway Road, N7

not only by sharehelders but by institutions, for the benefit of all.

A.E.W. Fletcher,

White Heather,

Companies they work for, or Personnel Management showed that most companies are ignoring their statutory duty to include information available. Evidence within their annual reports a from the US suggests that "mini-accounts" do not actually save lack of it) on employee involvecompanies any money, because of ment. 56 per cent of companies the extra money spent on surveyed copied the same state-

> Companies have a responsibilcourse, companies have some

BUILDING TRUCKS BUILDING REPUTATIONS

FINANCIAL TIMES

Tuesday April 26 1988

REFURBISHMENT FITTING OUT 01-377 2500

Max Wilkinson reports on the economic fallout two years after the world's worst nuclear accident

Chernobyl factor puts up the cost of safety

explosion at Chernobyl in the Ukraine two years ago today was sustained by uncertainty and ignorance.

tional effort to dispel those uncertainties the message from the community of nuclear experts is grimly reassuring. The cost was huge, but the human consequences proved much lighter than most people feared at the time of the disaster and pub-lic confidence in nuclear safety

has gradually recovered. However, the audit has not been all favourable for nuclear power. Longer-term questions about the damage to health in the Soviet Union and in Western Europe remain unanswered after two years' study and may prove cost of safety and the economic risks of nuclear reactors are becoming more questionable in many countries when compared

followed the explosion in the land in the Soviet Union and radioactive core of the Chernobyl Europe from relatively long-lived No 4 reactor in the small hours of April 26, 1986, has proved enormous. About 135,000 people were evacuated from their homes in a 0km radius from the stricken plant. Despite extensive decon-amination efforts, farming and area for many years and there is a continuing danger that forest fires could re-distribute radioac-tive particles over a wider area.

A study by Dr Richard Mold, a British radiology expert, pub-lished today shows that the suffaring of some of the victims of beta radiation burns was dread-ful. Yet for all that, the death toll of 31 was less than that from many much less remarkable civil

worst-affected victims described in Dr Mold's book are not pleasant reading, but they do much to demystify the subject and to com-bat irrational fears of nuclear diation. Bad as it was, the accident did not seriously hurt any-Of the several hundred thou-sand people given medical examiations in the Ukraine, all 299 Two thirds were said to be cured

from the immediate effects of

is now expected to die



A child in the village of Kopylovo is checked for abnormal radiation levels following the Chernobyl accident. The cost in terms of human suffering has been lower than expected

deeply irritated by regulations which they think are absurdly cautious. If permitted levels of dosage or radioactivity are set very low, they say, breaches may One accentist, for example, the remarked recently: "If you are the offered any radioactive lamb had cheap, my advice is to buy as the

A more muted version of this irritation can be seen in the when levels of radioactivity in sheep meat were discovered to be recent report on the radiological mpact of Chernobyl by an interonal group of scientists abled by the Nuclear Energy Agency in Paris. They com-plained that Western govern-ments created unnecessary con-Ministry of Agriculture experts then believed that the problem would disappear within months after the first crop of contamifusion and anxiety by adopting criteria for public protection which had little or no basis in science. Some controls, they said,

> activity in foodstuffs." report was that the people of Europe have nothing to fear from have been exposed to radiation which was significantly more

Wales, as in other parts of Europa, was seen widely as being low dosages of radiation can induce cancers. The United confused, remote and secretive. Two years after the Chernobyl accident, the gap between the Effects of Atomic Radiation is due to publish a report on the effects of the Chernobyl radiation this year. However, Dr Mold

Many professionals remain believes that hard statistical evi-

ple, believes that some original estimates of 20,000 deaths were about 10 times too high. Although 2,000 deaths would still

are being forced to give increas weight to the costs of nuclear ety in the economic equation. owned electric utilities have can-celled or abandoned 64 nuclear projects since the accident at the Three Mile Island reactor in 1979.

ence Policy heasarch time at sus-sex University in the UK, pres-ents disturbing evidence that American ability to build and operate nuclear plant has been getting worse with experience. which hoth have a hetter

per of the ruling party, in a striking manifestation of the st. The people in charge of programme to return the the programme to return the plant to operation were accused of ignoring proper standards of repair and main-tenance as well as "sanitary norms." The Pravda article, in contrast with the recent cau-tion in public over the debate, points to growing pressure to bring such criticism into the

West Germany, there is growing public opposition from environ-mentalists. In France, there are doubts about the carrying costs of a nuclear construction indus-

In the UK, where construction costs are likely to be at least 40 per cent higher than in France, it is generally accepted that a nuclear reactor is unlikely to be competitive with a new coal-fired plant if the projects were required to make a rate of return

economics of nuclear power become vulnerable to the "Char-nobyl factor." The nuclear establishment has convinced itself and some of the public that there

heightened perceptions of economic risk. So, if capital costs in the industry continue to rise, it may be that future projects will

in OECD countries (Nuclear Energy Agency 2, rue Andre-Pas-cal 75775 Paris Ceder 16, France)

Panama in

open banks

and insolvent Panamanian

US bankers also insist that a

solution to the banks' problem requires a political settlement involving the departure of Gen' Noriega.

Outgoing Planning Minister Mr Ricaurte Vazquez said: "The banks hold a political position even though they have a techni-

cal argument to support what they are doing."

Leading European banks here, including Banque Nationale de Paris and Credit Suisse – due shortly to close its Panama

The new Finance Minister is the most radical figure in a broadly left-of-centre cabinet with seven new faces, including former UN ambassador Mr Jorge Eduardo Ritter as Foreign Minis-

operations - have operations — have been approached by the Government to act as clearers, and have come under US pressure to refuse.

Continued from Page 1

move to

THE LEX COLUMN

Profiting from a loss of energy

The love affair between the inter-national oil and mining indus tries has been on the rocks for managed oil majors have had to pay in order to get rid of their ill-fated liaisons of the mid-1970s resource spectrum. Nevertheless RTZ's decision to quit the oil and gas business, when rivals like Consolidated Gold Fields have ment, comes as a surprise, especially since it was thought to be one of the most obvious preda-tors circling the shrinking UK

RTZ's argument for throwing in the towel after 15 years is hard - unute coal or transium - and Chancellor, yesterday's report had little prospect of ever achieving a significant position. It would have probably had to the even-handedly critical. The spend upwards of film if it wanted to become a major sacond division programme is the division become a major sacond ced a group whose tion is best fought not by sterling strength in itself, but through a stable exchange rate policy. offered a price which compares very favourably with other recent deals without the need to get into a bidding contest. It is All this suggests an interesting reaction to Friday's trade figures. The more strongly sterling responds, the greater the pres-sure will be for another half the uncertainty about whether the group would plunge more

two potential predators have left the field. The permutations of the

use to Mr Lawson's warn-regards leverage

for the management, and its negotiating position with BAT is negociating position with BAT is inevitably weakened. And although the company insists it is still "exploring possible alter-natives", Farmers watchers find it hard to put a name to any of

is fit to own an insurance com-pany — at least until the second half of the year. Only its own shareholders can force Farmers' hand in the meantime; but as the ter increases so, presumably, does the threat of the board's fiduciary fitness being challenged

Like the BAT/Farmers bid seazer's bid for Koppers is movacceptance of Beezer's tender is not quite what it seems, since shareholders are still fre market is plainly more exercises by the prospect of several more months in the courts than by

California and Delaware are unusually tangled even by US card remains the fact that Kop pers is now in the hands of the arbitrageous, who will get at least Beazer's \$60 or know the reason suggests that the argument for buying Koppers has yet to be

There is a distinct whiff of 10 per cent of capital, and a buyinflation in the air. Yesterday's out would have pushed Farmers
fall in sterling was a natural well into the danger zone as claim of risk-free financing is gards leverage. simply not accepted by the mar-if, on the other hand, the buy-ket. Nor does it follow that ings over the weekend, but the continued weakness of gilts plainly showed that the market is looking beyond the immediate chances of a base rate cut to the wider implications for policy. Much more of this, and the

Arafat meets Assad after five-year feud

MR YASSIR ARAFAT, Chairman Damascus late on Sunday to a sof the Palestine Liberation tumultuous welcome from Palesof the Palestine Liberation timulitious welcome from Pales-Organisation, and President timins resident there. His return Hafez al-Assad of Syria met to Syria after a long absence was face-to-face yesterday for the first facilitated by Libyan and Alge-time in five years since a bitter rian mediation efforts following personal feud led to Syrian the slaying in Tunis 10 days ago attempts to end Mr Arafat's lead-of Abu Jihad, Mr Arafat's deputy, and the state of the graville of the particular times and the state of the graville of the particular times to specific times to see the state of the graville of the particular times welcome from Palestinians resident there. His return

coordination on important issues facing the Arab world such as the peace process and the future of Lebanon.

The process are future of a Striag HO army rechains the f

Mr Arafat and Mr Assad were estranged in 1983, when the PLO

ership of the guerrilla organisa- apparently by Israeli comman

radioactive isotopes were to kill people by radiation-induced can-cers over the next decades.

Cumbria and Scotland has

radioactive caesium would

in the soil. But in peaty soils the radioactive particles were drawn

which continue to be eaten by sheep. Last month, the Ministry

of Agriculture said restrictions

ewes at 700 farms,

become "fixed" fairly harmle

The two men are said to be working on a framework agreement to improve PLO-Syrian coordination on important issues

Meanwhile, Egypt has expressed misgivings about a reconciliation between Syria, its arch-rival, and the PLO, indicating extreme sensitivity in Cairo states of a Syrian-PLO rapproche-

Egyptian officials are watching chairman was expelled from syrian. The Syrians backed an insurrection among rebels in Mr Arafat's own Fatah mainstream PLO faction.

The PLO leader arrived in Sgyrian oldens are watching events in Damascus closely. Egypt, together with Arab moderates, is worried that a new PLO Syrian accord may help tilt the balance in regional councils back towards the militants.



P&O set to break channel ferry dispute

BY CHARLES LEADBEATER IN LONDON AND JIMMY BURNS IN ROTTERDAM

which has crippled the company's cross-channel services. The ships have been stranded in port since P&O seamen in Dover on the coast of southern The ships have been stranded in port since P&O seamen in Dover on the coast of southern England began striking in protest at planned redundancies arising its services. Other ferry companion the company's plan for matical working practices.

revised working practices.

Skeleton crews are being sent to Rotterdam to prepare the ships on the eve of its ultimatum to the seeking.

The 29 ratings who were flown to Rotterdam yesterday booked to working practices P&O has seeking.

The 29 ratings who were flown development, and that, if Pandamy's move.

In Dover the National Union of to Rotterdam yesterday booked to working practices P&O has seeking.

The 29 ratings who were flown development, and that, if Pandamy's move.

In Dover the National Union of to Rotterdam yesterday booked to work on mass pickets this morning in an board full-time.

WORLD WEATHER

P&O EUROPEAN Ferries was striking seamen to return to last night preparing to sail two of its ships from Rotterdam in an effort to break the 12 week strike send out dismissal notices to seamen who have not accepted the company's revised terms and

here the 28,000 strong union men who have accepted

has a substantial presence. Mr Graeme Dunlop, P&O manMr Sam McCluskie, the union's aging director, said he hoped five
general secretary, admitted that of the 11 strike bound ferries
the future of the once powerful would be back in Dover by the
union was at stake because of the end of the week.

Mitterrand goes

on the offensive

Continued from Page 1

P&O's decision to consider sail- attempt to block the plans.
ing with non-union crew memUnion leaders warned that the bers also threatens to break the dispute could become increasNUS' closed shop (compulsory ingly ugly if the company went union membership), in the last ahead with its strike-breaking area of the British merchant fleet plan with ferries crewed by sea-

Shultz warning to Danes

dates. Mr Chirac's dilemma is how to campaign in such a way as to secure all of Mr Le Pen's vote without alienating moderate electors on the centre-right.

A critical event during the rest of the campaign may be the TV debate between Mr Mitterrand and Mr Chirac this Thursday. Last week, Mr Chirac raised objections to this date, proposed by Mr Mitterrand, saying that he preferred the meeting to take place nearer the second round.

mann-Jensen said.

But the public comments of Mr Shultz may be seen in that light in some Danish quarters. If the outgoing Schlüter Government won next month's poll it would return to the traditional practice of simply trusting allies to respect Denmark's ban on nuclear weapons in its waters or on its soil in peace time.

Mr Shultz said that even if US

Mr Shultz said that even if US UK Foreign Secretary, put it.

rens vote were added to those of campaign, and I have certainly and Soviet leaders did not have a the traditional right-wing candinot asked them to," Mr Elle-Strategic Arms Reduction Table how to campaign in mann-Jensen said Moscow summit, they would still have "a heavy agenda" of arms control, bilateral, regional and human rights issues to discuss.

The general tenor smong the 11 European foreign ministers at the Nato meeting was that they would prefer "a good Start agreement to a rushed Start agreement," as Sir Geoffrey Howe, the

——ADVERTISEMENT —

long shot from the outset. Prece-dent may not be everything, but

it was decidedly against the

NEWS REVIEW

BUSINESS **EFA** navigation teaming

agreement Four of Europe's leading avionics companies have signed a teaming agreement which will provide an advanced navigation system for the European Fighter Aircraft (EFA) programme. The team comprises Honeywell Sondertechnik of Germany, Litton Italia, CESELSA of Spain and Britain's Ferranti Defence Systems. Under the agreement, the team will pool its resources to develop a ring laser gyro based mertial navigation system named European Laser Inertial Navigation System (EUROLINS).

Mr Goodin is a leading light in the left-wing "tendency" within the military-allied Democratic **Traffic controllers** Traffic controllers
The latest Ferranti Remote Signal Monitoring (RSM) systems for traffic control are currently being installed by the Country Councils of West Sussex, Hereford and Worcester. Manufactured by Ferranti Industrial Electronics, Data Systems Group, Dalkesth, they represent the first installations of the new Ferranti benchmark RSM system which incorporates a number of additional controller monitoring features controller monitoring features that have been developed in

> was first marketed. Briefly... Ferranti Infographics has launched PRO ENGINEER, an interactive, feature-based, parametric solid modeller and the first real conceptual design tool to be introduced to the European warred.

response to users' special requirements since the system

the European market.
To support Dundee University's growing involvement in manufacturing systems engineering, Ferranti Inter-national has presented an advanced laser manufactur-

Aid to gunnery skills

A standard monochrome video recording camera for use with the ISIS range of gunsights for fighter aircraft is now offered by Ferranti Defence Systems, Display Systems Department.

The camera is designed to replace existing cine film casculated to replace existing cine film casculate

• SPACE

Changes in the weather

Ferranti has been awarded a contract by the European Space Agency (ESA) to develop a high power Carbon Dioxide (CO₂) laser for possible use in a spaceborne wind sensing instrument which might significantly improve weather forecasting. The work will be carried out by Ferranti Defence Systems, Electro-optics Department, in collaboration with CISE of Milan, Italy and Dornier Systems of Friedrichshafen, West Germany.

The 20 month study was a mance characteristics for use as the transmitter of a wind Eaght Detection and Ranging Sensor (LIDARS). The concept involves the accurate measurement of the movement of air particles LIDARS has already been demonstrated for use in sensing wind shear, a localised during take off and landing. The Royal Signals and Radar Establishment (RSRE), Malvern, will contribute to the

Germany.

The 30 month study contract concerns the demonstration of the feasibility of a CO₂ laser providing suitable perforting the study contract sive experience in many laser technology.

Escapisamment (ASSEE), Maisser (AS

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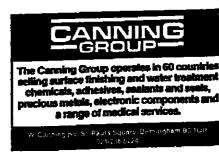
Mar to !



SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday April 26 1988



Exxon profits hit \$1.45bn as Mobil surges to \$505m

reported a surge in earnings in the first quarter because a fall in the price of crude oil led to wind-fall profits on products and chem-

The earnings increases, which were 36 per cent at Exxon and about 100 per cent at Mobil, came first quarter of 1987. But the results still exceeded expectations and Exxon stock rose \$1 to \$45 in early trading, while Mobil put on \$1% to \$47.

Exxon, the world's largest oil ing the quarter. Exxon's company, said yesterday that net income in the March quarter was income in the March quarter was \$1.45hn, with earnings per share up 41 per cent at \$1.06. Revenues advanced just 3 per cent to increased 13 per cent to \$22.0lbm.

tiles maker, has agreed to a take-over offer from West Point-Pep-

perell, one of its toughest competitors, which will result in

Stevens being broken up between

\$68.50 a share cash, or some

\$1.2bm in total, for Stevens which had fought a 10-week battle to retain its independence.

Mr Whitney Stevens, chairman and member of the founding fam-

Kavner to

succeed

Cassoni.

performance since 1961, according to Mr Allen Murray, chair-

\$13.83bn. The figures do not include any contribution from Montgomery Ward, the department store group sold by Mobil for \$3.8bn in March.

The strong results came despite weak returns from exploration and production because of the fall in the crude oil price dur-

J. P. Stevens takeover battle

the takeover, West Point-Pepper-ell will sell for about \$530m Stev-

ens' carpet, automotive products.

industrial fabrics and converter

Odyssey, a closely held New York company specialising in leveraged buyouts, had earlier

bid \$68.50 a share for all of Stevens on condition it could raise

Odyssey Partners.

J.P. STEVENS, a leading US tex- \$765m leveraged management

West Point-Pepperell is offering and elastomerics divisions to

ily of the 175-year-old company, the finance. West Point-Pepperhad put it in play with an offer of ell's offer is unconditional on \$43 in cash and securities in a finance.

EXXON and Mobil, the giants of this year's first quarter, with a ter of 1987, when rising crude the US oil industry, yesterday doubling of per-share earnings to prices squeezed refining margins, reported a surge in earnings in \$1.23 for the best first-quarter the companies were able to keep gasoline and other product prices steady while crude costs tumbled. Mr Lawrence Rawl, chair man of Exxon, said product prices had resisted the reduction in crude supply costs.

> Exxon's profits from refining and marketing in the US went from a lose of \$38m to profits of \$94m. Foreign ratining profits quadrupled from \$74m to \$337m. At Mobil, US refining profits went from \$2m to \$101m, and overseas from \$76m to \$116m.

Chemical results showed a simflar pattern. At Exxon, earnings were up 66 per cent to a record \$308m thanks to cheap supplies

and good prices for products

At Mobil, the second largest US companies had a banner quarter.

At Mobil, the second largest US companies had a banner quarter.

Company, earnings were \$505m in in contrast to the bad first quarcent to \$134m, also a record. West Point-Pepperell wins the

To settle anti-trust complaints raised by Washington regulators, West Point-Pepperell said it

would sell some of Stevens' bed and bathroom textile operations

to NTC, the closely held parent of Bibb, a Macon, Georgia, textile producer. It is believed NTC will

pay about \$150m for the assets.

In spite of the selloffs, the take-

over will still improve West

Point-Pepperell's large market share in products such as bed sheets and bath towels. It will also benefit considerably from the demise of Stevens, its main

Wall Street insurance analyst with Prudential Bache Securities, said: "Farmers are going to have to find a white knight soon or they'll have a collaps-ing stock price on their hands."

man, said the board was "continuing to explore possible alternatives". These are understood to include a number of options such as a recapitalisation or a share repurchase. But he also reiterated the board's view that Farmers and its shareholders would be best served by stay-

would not allow a property/ca-sualty insurer to saddle itself

ments, said: "I'm sure the regu-latory difficulties played a role in the board's decision, but I don't think that was the only

insurer remotely approaching the Californian group's size. management buy-out this February of Buffalo Reinsurance, a

structure would not have made a leveraged buy-out any more acceptable to regulators. This is because the structure

a way of paying off debt.

Farmers Group drops plan

News that Farmers has ter-

minated talks with third parties about a buy-out came in a brief announcement from the group's Los Angeles headquarters yesterday reporting the outcome of a board meeting of Saturday.

Mr Herbert Goodfriend, a

In yesterday's statement, Mr Leo Denlea Jr, Farmers' chair-

Farmers did not comment in detail on why leveraged buy-out plans have been scrapped. But the news vindicated the scepticism expressed by some Wall Street analysts, who felt state insurance regulators

with a heavy debt burden.
Mr Tom Welch, Farmers'
director of corporate invest-

Analysts noted that there has never been a successful leveraged buy-out of a US

small subsidiary of Continental

means that Farmers Group's assets are limited to its sales force, its property and its life

ions. and Tele-Communications, two
TLC, headed by Mr Reginald other cable companies.

for buy-out

FARMERS GROUP, the US insurer, has abandoned the buy-out as a way of fending off the \$4.5hn hostile bid which it faces from BAT Industries, the British tobacco-based mutina-

There was no formal response from BAT last night, but initial comments from BAT officials indicated that they saw it the news as strengthening their hand by narrowing Farmers' room to manoeuvre.

Corporation.
Mr Goodfriend said that

TLC to sell three European divisions

GALLARD & HOWSER, the UK Lewis, has already recouped maker of upmarket confection \$425m of the Bestrice Internagraph has appointed Mr Robert businesses put up for sale yester-disposals.

Kavner, 44, as president of its day by TLC Group, the five-year disposals.

Kavner, 45, as president of its day by TLC Group, the five-year disposals.

Kavner, 46, as president of its day by TLC Group, the five-year disposals.

Kavner, 47, as president of its day by TLC Group, the five-year disposals.

Kavner, 48, as president of its day by TLC Group, the five-year disposals.

Kavner, 49, as president of its day by TLC Group, the five-year disposals. Mr Vittorio Cassoni who, as which last year bought the intersection of the intersection of the itslien electronics which last year bought the intersection of the intersection of the itslien electronics which last year bought the intersection of the intersection of the intersection of the itslien electronics which last year bought the intersection of the intersection of the intersection of the itslien electronics which last year bought the intersection of the int

ber completion of its \$985m leveraged buyout of Beatrice International, it had received inquiries
from potential purchasers for besed, selfs most notably under
Callard & Bowser as well as for
Beatrice Poultry and Beatrice
International Bottling Group.
It has now retained Drexel
Burnham Lambert, the investment bank which arranged TLC's
finance for the Beatrice deal, to cable television operator, is to be
explore a sale of the three divibought for \$1.55bn by Comcast
and Tele-Communications, two ber completion of its \$985m lever- rationalised production while

revamped and integrated its financial systems to enable it to function as a single corporation in the wake of the 1984 spinos of

the data systems group initiated by Mr Cassoni. The operations have ran up heavy losses following AT&T's entry into unregulated businesses since 1984. Mr Kavner had considerable computer and data processing experience before joining AT&T as chairman of the information

and office equipment maker.

Since he joined AT&T four

its telephone companies. His

most recent post was senior vice president and chief financial offi-

He will face a big challenge completing the restructuring of

SmithKline Beckman up 14% to \$146m

computer and data processing experience before joining AT&T as chairman of the information industry practice of Coopers & Lybrand, the firm of management consultants and accountants.

Mr Cassoni, who joined AT&T from Olivetti in 1986, had begun to rebuild the group's computer operations around a strong commitment to Unix, a computer operating system it developed.

BY OUR FINANCIAL STAFF

SMITHKLINE BECKMAN, the big US drugs, eye care and diagrant industry practice of Coopers & Lybrand, the firm of management group, yester-day reported a 14 per cent rise in its found revenues strong. The company said the performance of its Beckman Instrutional revenues strong. The company said the performance from 13.45, helped by a 16 per cent rise in sales to \$1.16bm, car drug recorded a 14 per cent isdying. The unit lifted sales by company said the advance in sales was marked by strong performance from its diagnostic and performance from its diagnostic and sales by the Dyazide antihypertensive fell rose even more.

National Semiconductor to compete in Risc field BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

NATIONAL Semiconductor. the large US microelectronics group, is planning to follow other semiconductor manufacturing companies into the fast-developing field of reduced instruction micropro-

L. HELL

The company's decision to adopt this sophisticated new high-speed processing system was revealed in London yesterday by Mr Hans Rohrer, direc-

tor of the group's European microprocessor activities. He said the technology would be incorporated in a chip to be launched next year.

National was aiming to introduce the product in a way that would not inhibit the use of software written for the group's present microproces-sor range, he added.

Mr Rohrer's statement,

given in suswer to questions, comes after a flurry of activity in Reduced Instruction Set Computing (Risc) chips. Moto-rola, the largest US semiconductor company, has announced the introduction of

Risc microprocessor for ium-sized con This followed a move by American Telephone & Telegraph, the largest US telecom-munications group, to join with the Sun Microsystems workstation company in an attempt to establish a new worldwide industry standard based on a Sun Risc design and AT&T's Unix computer

Risc technology has gained popularity because it promises dramatic increases in processing speed through a technique which streamlines the instructions going in to a chip.

Polysar to sell assets in bid to repel Nova

hig Calgary energy group.

The company has also asked Polysar.

Ottawa to lift a restriction that

Dome Petroleum has written limits ownership to a maximum 25 per cent voting interest. Nova

POLYSAR ENERGY & Chemical of its shares. Union Carbide Canof Canada is inviting outside bids ada said it may be interested in against C\$228m and gas liquids in capital.

The whole company. It begins contained to avoid the embrace of Nova, the streamy canada and gas revenues of C\$209m have access to a total of C\$300m against C\$164m.

Security Pacific's acquisition of the whole company. It already came short a streamy canada and gas revenues of C\$209m have access to a total of C\$300m against C\$164m.

Security Pacific's acquisition of already came short a streamy canada and gas revenues of C\$209m have access to a total of C\$300m against C\$164m.

not the whole company. It already owns about 3 per cent of Polysar.

Dome said more financial details will be given in a proxy statement to be issued shortly for the June 8 special meeting of shareholders to approve the value of its oil and gas business because of lower energy prices.

CSI97m against CSI64m.

Security Pacific's acquisition of 30 per cent of Burns has now been approved by Canadian regulators. This interest can rise to 50 per cent over the next three canada.

already has a 25 per cent interest because of lower energy prices, and has offered C\$22.5 per share or nearly C\$700m (U\$\$:67m) for the balance. It wants to meris a share in the first quarter, the balance in the first quarter, against a profit of C\$77m or 22 the two commanies' performances' perfo ada's leading investment dealers, from C\$32.7m or 58 cents a year Polysar is seeking a listing in Total revenues were C\$406m and has also provided a C\$100m earlier. Sales were C\$356m the US to help enhance the value against C\$387m. This includes oil credit line. Altogether Burns will against C\$336m.

Anatole Kaletsky in New York looks at the thinking behind a US vehicle group's strategy switch

GM puts the brakes on capacity

IT IS MORE than 20 years since share target of 40 per cent, the General Motors held a 50 per cent company was freely conceding share of the US car market. in those halcyon days of the mid-1960s, the Volkswagen Beetle was the only significant foreign competitor in the world's richest automotive market, and nobody had even thought of the Japanese industrial juggernaut which was about to descend upon the US.

and away the world's higgest car manufacturer, still has enough capacity to build half the 15m cars and trucks which will be bought this year in the US. In the past few years GM has made a stalwart and expensive effort to recapture what the com-

cent plus.

It has spent hillions of dollars on dealer incentives, cheap finanse have continued to gain,

constituted "a real strategic

change."

To most analysts it had always been just a matter of time before GM followed its main domestic rivals in effectively conceding defeat to the Japanese. For Ford and Chrysler, discretion became By 1987, Japanese manufacturers had lured away 25 per cent of America's car buyers, and today GM supplies only 37 per cent of user cars at higher profit marginal by far given the manufacture of the better part of valour in the carly 1980s, when near-bank-ruptcy forced them both to accept a strategy of building fewer cars at higher profit margins instead of engaging in fruit-less struggles for market share.

GM had the financial where-withal to go on battling the imports throughout the 1980s. But in the end economic realities, managerial problems and shareholder pressures have forced even America's biggest industrial company to admit that it would

of the light truck and van mar- the extra demand.

wall Street analysis last friedy that the company had finally about capturing 40 per cent or the company's US plants were decided to cut capacity to meet more of the US car market, which likely to be closed or "indefidement for its cars and trucks.

While GM officials are downwart to indulge in publicly even playing the previous market a few months ago.

Cent by the early issue occurs of the US plants were the transplants. If GM cuts its capacity by 20 per cent to meet its new soher sales projection, the US industry's total potential output will fall

has "nothing to do" with Brid-

gestone's pending ownership of the company, is a fillip for GM's four other suppliers who

are likely to carve up Fire-

These are Uniroyal-Good-

on dealer incentives, cheap financing and advertising and promotion campaigns, cutting not only is simple. After enjoying a small today, GM would rely on overinto its own profits but also the margins of the US auto industry of the US auto industry of the US auto industry of the Japanese a whole. Every year the Japanese a whole. Every year the Japanese of the US and about 34 per cent than additional capacity to meet

many's Continental - and

GM said yesterday that cur-rent business conditions "do

not allow us to continue with five suppliers." It would not say why it chose Firestone for elimination.

Firestone said GM deliveries would be "very significantly reduced" in the second half of

in of France.

new high-technology plants com

While GM's newfound mode has generally pleased Wall Street, which responded by mark-ing up its share price for three days running, it has incensed the United Auto Workers, who signed a new three-year contract less than six months ago with job security as its pivotal point. Indeed, while Mr David Healey

of Drexel Burnham Lambert describes the mood of last Friday's private analysts' meeting as "much more upbeat than it has been for some years," Mr Donald Ephlin of the UAW says GM's new commitment to "con-

Experience suggests, however, that the UAW will eventually accept that there is no alternareality reflected in GM's decision is that US capacity is above any realistic projection of demand. And this capacity is going to increase dramatically in the next

Indeed, the underlying logic of GM's cutbacks is seen most clearly in Mr Healey's estimate that North American car production capacity will rise about 9 per cent by the early 1990s because of

Bridgestone hit as General Motors drops Firestone

BRIDGESTONE, the big Japa-nese tyre maker which is try-ing to expand in the US through the \$2.6bn acquisition of Firestone, has suffered a big setback with the decision by General Motors to drop Fire-

stone's 20 per cent share between them. stone as a North American supplier, writes our New York staff. rich, Goodyear, General Tire - subsidiary of West Ger-The decision, which GM says

The higgest to date is

Farmers Group's unusual

it little scope for asset sales as

Nihon Kohden Corporation

U.S. \$50,000,000 41% per cent. Guaranteed Notes 1993

Warrants

to subscribe for shares of common stock of Nihon Kohden Corporation The Notes will be unconditionally and irrevocably guaranteed by

The Saitama Bank, Ltd.

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Commerzbank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

Kyowa Finance International Limited

Nippon Kangyo Kakumaru (Europe) Limited J. Henry Schroder Wagg & Co. Limited

Wako International (Europe) Limited

Taiheiyo Europe Limited

Baring Brothers & Co., Limited

Deutsche Bank Capital Markets Limited

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Robert Fleming & Co. Limited

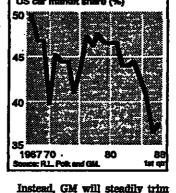
Salomon Brothers International Limited

Société Générale

Taiyo Kobe International Limited

S.G. Warburg Securities

Yasuda Trust Europe Limited



Instead, GM will steadily trim losing strategy I've ever heard." its production capacity, so that, in the words of Mr Stempel, GM's American car-making plants will effort to recapture what the company's executives seemed to regard as its "natural," almost not be able to turn back the tide rated output will assume sales God-given, market share of 40 per of history. From now on GM volumes no higher than today's, looks like becoming a smaller, Mr Alan Smith, chief financial officer, made clear on Friday. be 100 per cent employed by 1992. tive to further factory closures. That figure of 100 per cent of and job losses. For the economic If the car market turned out to

while GM lost market share.

So it came as more of a relief than a surprise when Mr Robert duction levels sustainable for the Stempel, GM's president, told wall Street analysis last Friday Gone is the wishful thinking officials concede that several of that the company had finally about capturing 40 per cent or the company's US plants were more of the US car market which likely to be closed or "indefi-

few years as Japanese-owned fac-tories or "transplants," capable of producing more than 1m cars, come on stream in the next four

eliminated completely as a North American supplier

within two years. Mr Akira Yeiri, president of Bridgestone, said the GM deci-sion would "not affect the merger." But Bridgestone stock fell Y50 to Y1480 in Tokyo trading yesterday.



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BY JOHN WYLES IN ROME

THE CONSORTIUM formed three years ago and led by the Barilla food manufacturing interests is "more interested than ever" in purchasing the state-owned Sme food company now that Mr Carlo De Benedetti, the Italian entrepreneur, has effectively with-drawn from the battle.

In a series of interviews over the last few days, Mr Pietro Barrilla has called on the new Italian Government and Iri, the holding company which controls Sme, to accept the wisdom of privatisation.

Arguing that foreign penetration of domestic food manufacturing is reaching dangerous levels following. Mr De Benedetti's sale of the Buitoni foods group to Nestle of Switzerland, Mr Barilla in the Rarilla in th

Car exports help boost Amer income

AMER GROUP, the Finnish consumer goods manufacturing and
marketing company, has reported
higher sales and profits for the
six months ended February 1987. ing the decision to change the
Sales rose by 57 per cent to
FM258m.

Car exports accounted for 51
per cent of group sales. The
tobacco division, which mainly
per cent excluding acquisitions.

Sales for the 12-month period
Profit before extraordinary items ended February 1987 grew by 42

Trelleborg buys Allis **Chalmers** subsidiary

By Sara Webb in Stockholm TRELLEBORG, the Swedish TRELLEBORG, the Swedish industrial group with interests in rubber, plastics, mining and chemicals, has agreed to acquire Stephens-Adamson, a machine-producing unit of Allis Chalmers, the US manufacturing group, for SKr100m (\$17.1m).

(\$17.1m) Stephens-Adamson makes equipment for the bulk trans-port of goods such as coal, minerals, foods, paper and chemicals as well as unloading

eneratas as went as trintaking systems for ships. It has production plants in Canada (Belville, Ontario) and the US (Clarksdale, Mississippi) and claims to be one of the largest companies in this sector in North America with annual sales of about US\$40m. Trelleborg said the company was profitable. Boliden, the Swedish min-

ing, metals and chemicals group which was taken over by Trelleborg last year, has already acquired several units from Allis Chalmers, which manufactures and sells equipment for mineral dressing and treatment. The acquisitions are aimed at strengthening the group's position in the mining industry both at home and

London stake in CdF Chimie unit

BRITISH INVESTMENT institutions hold about 7 per cent of Norsolor, the petrochemical and specialty chemical subsidiary of the French state-owned CdF Chimie group, after a FF7533m (\$94m) mivate placing of shares. The share issue sets the stage for a Norsolor listing in Paris. which CdF Chimie has promised to seek within 18 months. It is believed to be the first time a French state group has taken this dual approach to privatisation. Under the placing, led by Ban-

que Demachy, private investors were issued shares equal to 25

per cent of Norsolor's enlarged capital. Of these shares, a total of 25 to 30 per cent was placed with

French liqueur group, to FFr7,700 a share, from FFr6,500. The increased offer values Benedictine at FFr1.08bn (\$190.4m)

FFr7,000 a share for Benedictine, must increase its offer by at least 5 per cent if it wants to stay in

The battle for control of Benedictine, which achieved sales of FFr550m in 1986, began in January when Remy offered FFr6,200. a share for 60 per cent of the group. The bid was instantly turned down by the Benedictine

Martini is bidding for 100 per cent of Benedictine. Its offer has the backing of Mr Alain Le Grand, group chairman, whose family has run Benedictine for

chemical used in products from nail polish to textiles.

The Norsolor share issue is the latest example of CdF Chimie's strategy of introducing co-operation with the private sector at the CdF Chimie.

Cust chimie also owns 70 per at FF7100. Full exercise of the warrants, which depends on Norsolor share issue is the minority being held by L'Air Liquide. Only Coffdep, the paints strategy of introducing co-operation with the private sector at the CdF Chimie.

Cust chimie also owns 70 per at FF7100. Full exercise of the warrants, which depends on Norsolor share issue is the minority being held by L'Air Liquide. Only Coffdep, the paints group's holding to more than 80 cdF Chimie.

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separate investment syndicates led by Charterhouse and Hambros, the UK merchant banks.

programme has not yet been crash. The company is estimating a net profit of FFr1.03bn for this year, against FFr940m in 1987 For example, CdF Chimie has year, against FFr940m in 1987 concentrated its inks interests in and a FFr535m loss in 1986. Coates Brothers, the UK quoted To protect itself against any

Norsolor, created by a reorganisation in January, owns three
French petrochemical plants
producing polyethylene and polystyrene. It also accounts for 35
per cent of the European market
in acrylates, an intermediate
chemical used in products from
nail polish to textiles.

Concentrated its inks interests in and a Fr73Sm loss in 1860.

Coates Brothers, the UK quoted
To protect itself against any
accusation of selling the shares
cent stake after injecting its Lorcheaply, CdF Chimle insisted on
lileux International industrial
inks interests in and a Fr73Sm loss in 1860.

To protect itself against any
company in which it has a 40 per
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cent stake after injecting its Lorcheaply, CdF Chimle insisted on
less was accusation of selling in accusation of selling in

tion with the private sector at the coperating level even though —
like its parent Charbonnages de issued at FFr160, only 3.7 times
France — its ultimate destiny prospective 1988 earnings, a price to sell up to 40 per cent of their under the French privatisation.

Martini raises Benedictine bid

Norsolor, created by a reorgan

MARTINI & ROSSI, the international drinks group, has filed for regulatory approval to raise its tender offer for Benedictine, the

on the basis of current capital and at FFY1.14bn if Benedictine goes through with a planned cap-It also tops a rival bid from Remy Martin, the French cognac

group.
Under French takeover regulations, Remy, which is offering

Martini, which is incorporated in Luxembourg, managed from Geneva and controlled from Italy by the Rossi di Montelera family, ranks sixth among the world's

spirits groups. It has annual sales A link between Martini and Benedictine would complement and broaden the French group's

product line.

Apart from its world-famous vermouth, Martini produces William Lawson whiskey, Gaston Lagrange cognac and a variety of

Swiss insurer posts increase

By Our Zurich Corresp

ZURICH INSURANCE Company has reported an 11.1 per cent rise in net profits last year to SFr156.4m (\$113m), due both to an improvement in underwriting results and

The Swiss parent company is to propose unchanged divi-dends of SFr56 per share and SFr28 per participation certifi-cate on increased share capital. Group premium income rose by 3.8 per cent to SFr12.2bm, or by 14 per cent in terms of local curren

S African bank doubles net earnings to R3.76m

last month for an undisclosed was partly due to improved ecomomic activity which persuaded to Reolim in turnover.

At present, Corbank only dischem 3.8 cents a share to 4.6 closes profits after tax and after cents.

CORPORATE BANK Group (Cortransfers to inner reserves. Mr bank), the former South African Korsten said it was planning to associate of Hill Samuel, more disclose more, although this than doubled its disclosed net would follow the establishment profit in the year to March and of adequate reserves. He added has substantially increased total that transfers to hidden reserves exceeded the disclosed taxed Hill Samuel quietly sold its profit in the past year whereas residual 13.2 per cent interest in there was no creation of inner Corbank to local management reserves under Hill Samuel's

. The dividend has been raised amount. The disclosed after-tax The dividend has been raised profit increased to R3.76m to 10 cents from 7 cents.

(\$1.75m) from R1.83m and total •Power Technologies, the South assets rose to R498m from R299m. African electrical products and
Mr Laurie Korsten, managing equipment group which is part of
director, said corporate demand the Altron group, increased prefor loan finance increased tax profits from R31.3m to R41.2m
sharply in the final quarter. This for the year ended February 1988.

BASF to hold dividend

BASF. THE big West German reflects a lower tax burden net profits last year and a maintained DM10 dividend, although the pre-tax figure was lower as a result of problems in the oil, fertiliser and magnetic tape sectors.

Group net profits rose to DM1.05bn (\$628.7m) from DM910m in 1986, with an increase to DM20m, against DM710m, for the parent company.

The rise at the net level mainly reflects a lower tax burden resulting from reduced oil output that the price is a further drop in oil prices last year, which affected BASF's Wintershall energy subsidiary.

The group said earlier this month that 1988 had begun better than expected, continuing the improvement of last year's second half. At the time it said group pre-tax profit in 1987 was 1.5 per cent lower, at DM2.55bn.

Profits soar at Radex-Heraklith

trian insulation, refractories and Sch123m in 1987.
engineering group which went Last year Radex was sold by public last October, will pay a 10 General Refractories of the US to per cent dividend and a 2 per Girozentrale, the Austrian bank, cent bonus to shareholders.

which was acting as an interme-

BY JUDY DEMPSEY IN VIENNA

RADEX-HERAKLITH, the Aus- from Sch104m to more than

per cent dividend and a 2 per Grozentrale, the Austrian bank, cent bonus to shareholders.

Declared profits increased by diary for a consortium of internaschem to Sch44.5m (\$3.8m) in tional investors which bought 75 per cent of the shares. A third of a turnover of Sch4hn, the same as for 1986. Operating profits rose bourse.

U.S. \$200,000,000



The Kingdom of Belgium

Floating Rate Notes Due October, 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 26th April, 1988 to 26th October, 1988 the Rate of interest on the Notes will be 73/2% per annum. The interest payable on the relevant Interest Payment Date, 26th October, 1988 will be U.S. \$9,372.40 per U.S. \$250,000 Note.

Agent Bank:

Morgan Guaranty Trust Company of New York

Bank of Tokyo (Curação) Holding N.V. 115 \$30,000,000 GLIARANTEED FLOATING RATE NOTES DUE 1993

The Bank of Tokyo, Ltd. [Katushato Kastha Toliyo Glako)
In accordance with the provisions of the Agency Agreement because Benk of Tokyo
(Curaçao) Holding N.Y. The Bank of Tokyo, Led., and Cichanik, N.A., dated October 16,
1978, notice is hereby given that the Rate of locarest has been fixed as 76975% p.a. and
that the interest payable on the relevant Interest Payment Date, October 26, 1998,
against Coupon No. 20 will be U.S.339-08.

lpril 26, 1988, London Sv: Ciolarsk, N.A. (CSSL Dape.), Agent Bank

will talk. sides of the financial information industry have a

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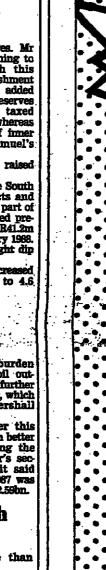
systems.)

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GUARANTEED FLOATING RATE NOTES DUE 1990, SERIES 82



Unconditionally guaranteed by THE KINGDOM OF DENMARK

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the six months 26th April, 1988 to 26th October, 1988 has been fixed at 73/4 per cent per annum and that the coupon amount payable on coupon no. 11 due on 26th October, 1988 will be U.S. \$3,939.58



The Sumitomo Bank, Limited

SPONSORED SECURITIES

				Grees	Yield	
High Low	Company	Price	Change	dir (p)	%	₽Æ
200 18	Ass. Brit, Ind. Ordinary	200m)	0	8,9	4.5	7.5
200 18	Ass. Brit. led. CULS	200ml	8	10.6	5.0	
35 2	Armitage and Rhodes	35	6	-	-	-
57 5	BBB Design group (USM)	50	ŏ	2.1	4.1	8.0
	Bardon Grosp	161	-ĭ	2.7	17	27.5
	Box Technologies	143mi	+1		36	10.2
	CEL Gross Ordinary	255	2	12.5	45	6.5
	CC1. Group 11% Conv. Pref	130	ō	151	متد	_
	Cartorendum Ordinary	133ml	ĭ	ជ	4.6	9.2
	Carternatus 7.5% Pref	106	ā	10.3	9.7	~
	George Siefr	220	ă	37	17	6.1
	bis Group	75	ă	-		·
	/ Jackson Gross	É	ŏ	3.4	3.9	93
	Makibose KV (AmstSE)		ĕ	10.4	31	133
		335	-	14.4	21	
52 4		41	Đ			2.4
124 12	Strikipes	12 4 96	8	\$5	44	31.8
204 19	Torday & Caribie	200	0	7,7	39	7.7
80 5	Trevian Holdings (USM)	26	9	2.7	3.4	8.6
	Unisarya Europe Cook Pref	106	ō	8.0	7.5	
	W.S Yestes	278	ž	16.2	5.8	7.9
			-			

INTL. COMPANIES AND FINANCE

Ian Rodger on the survival strategy of a Japanese robot manufacturer

Fanuc poised to renew rapid growth

FANUC, the leading Japanese factory automation group, the most startling industrial

nages of our time. On the sylvan lower slopes of Mount Fuji, the company set up the ultimate automated factory rows of robots which manufactured robots. At the time, many people thought the factory was

nation in Fanuc's operations has helped the company come through a fierce recession relatively unscathed and enabled it to maintain its nearly unique position in the world as an industrial automation company that

makes handsome profits. Fanuc, which is best known as the world's dominant supplier of numerical control (NC) equip-ment, now appears poised to resume the rapid growth rates that it achieved in most of the past 15 years. The company has developed a number of new automated products, including robots, to take over from NC, which is

it has also set up joint marketing and development ventures with two of the biggest industrial companies in the world, General Motors and General Electric of

If Mr Inaba's past is any guide, the company will probably achieve its goals. He is one of that rare breed of engineers who

NC is used for directing tools automatically to a succession of positions on a workplece. It can be used to direct various cutting, forming, or marking tools, per-forming functions which can be repeated with unvarying preci-

Today, NC and its succes technology, computer numerical control (CNC), are in everyday use on machine tools in factories throughout the world for machin-ing all sorts of components. They are also among the core technolo gies in systems being developed to automate production in engi-

was one of the few intrigued by its potential. Then working at the sales and profits have fallen, Fujitsu electricals group, he was mainly because of the impact of

71 WILL be president until I am 70, in July 1995, provided I am still alive," says lift Scinemon Insbu (right). He has little to do with Fanuc's research and development effort these days, but insists he can still judge the work of the R&D department.

"Technology does not develop abruptly, so I can make judgments based on past experience. If I could not make a judgment, I think I would have to quit."

As leader of a company that has been a parameter of a company that has been a compan an expensive marketing gimmick to have some views on the impact of automation or a whim of Mr Sainemon Imba, on employment and social behaviour in general. the company's founder, president if he does, he is keeping them to himself. "There are still many things for humans to do," he last laugh. A high degree of automation in Fanne's constiant.

about Japan's trade problems. Although Fanuc exports nearly a third of its output directly and a further large proportion indirectly, he cisims that "Fanuc has not caused trade friction We always think of co-existence."

It Inaba believes that any concern about

exports is offset by the fact that Fanne's present in foreign markets is always in the form of 50-50 in integral markets as always in the norm of soro-joint ventures with local companies. He sees this as the best way to avoid trouble. "It is very difficult to compete with Western companies. If we are too strong, there will be friction and we will not be welcome."

to spin off as a separate com-pany, Fanuc, with him in charge. Following the first oil shock, for NC machine tools as a way of for NC machine tools as a way of improving productivity, and Fanuc was the only company ready to provide the control systems for them. Western manufacturers rushed to catch up.

Fanuc became the dominant results and the fortunes and the control systems.

supplier and its fortunes soared. Between 1976, when the company recognised the importance of a Exchange, and 1985, its sales technological development at an early stage, stuck with it through several lean years, and ultimately converted it into a commercial success.

NC is used for directing tools the converted to the home market for CNC systems and most analysts. think it has a roughly half share

outside Japan.
Mr inaba says Fanuc's dominance in this field, fending off challenges from such formidable opponents as General Electric itself as well as Allen Bradley of the US (now owned by Rockwell), Philips of the Netherlands, and Bosch of West Germany, is attributable to its early start and its determination to stay ahead. "No because we put the largest num-ber of engineers on CNC. in this business you have to adopt the

Fujitsu electricals group, he was allowed to set up an automation the high yen on capital spending them.

division and take out a licence on by Japanese manufacturers. Mr The obvious candidate was a pioneer work done for the US Air Inshe makes no apology for the robot and, in 1974, Fanne made reverses, saying they were due to its first. The company later developed some specialised machine beyond the company's centrol.

By the early 1970s, he had built beyond the company's centrol.

This may sound like the typical making a range of CNC plastic complaint by a director of a com-

is not. Breaking the stereotype, Mr Inaba adds: "If our profit ratio Mr Inaba adds: "If our profit ratio catch on. They still account for had fallen, that would be our only 20 per cent of the company's fault." Operating profit margins have remained largely intact at of 50 per cent.

smalest in mannacturing indus-try, accounting for less than 3 per cent of overall costs. Output per worker per year is very high at about \$500,000. As a result, it has been able to adjust the volume of production without incurring the dgh costs of redundancies and hrinking profit margins.

The more fundamental ques-tion about Fanuc's future is whether it will be able to recentablish its rapid growth rates. Mr haha says that the year which has just started will be good. According to one estimate, pretax profits could rise some 35 per cent to Y45bn (\$361m). After that

The strategy for restoring growth has been to develop new products. Mr Inaba was quick to realise that the CNC market would peak, which he believes is happening now. Already in the early 1970s, he had developed a strategy for diversification. The would apply the two technologies at the base of the company's business, CNC systems and the

nots are taking a long time to

To speed up the process, Fanuc set up a joint venture in robotics in the US with General Motors in its labour force is among the 1982. Within two years, robo smallest in manufacturing indussales had more than doubled sharp downturn as GM cut its capital spending.

There has been speculation

that Fanuc had become disen-chanted with GMF Robotics, but Mr Inaba denies it. "The economic downturn was the probless, that's all. Other robot com-panies have been driven out of business. This icent venture has

survived strongly."

GMF's problems have not deterred him from joint ventures. Last year, Fannc joined General Electric in an ambitious project covering the whole of factory automation. That venture is still in the start-up phase, but Fanuc has shown its commitment by putting in its entire US and Euro-pean NC business, representing about a tenth of its total sales. It hopes that the combination with GE's strengths in programa winner in a sector that has so far caused a lot of engineering companies, including GE, consid-

bring back the Fanuc growth magic remains to be seen. Mr habs simits it will be difficult to build up the new products, but he is determined to stick to things

New Issue / April, 1988 Concurrent Worldwide Offering

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This portion of the offering was offered in the United States by the undersigned.

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Nomura International Limited

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S.G. Warburg Securities

Impressive share debut for Malaysian TV group

closing the day at 6.1 ringgit. The company issued 6.61m shares to the Malaysian public at 2 ringgit

the Malaysian public at 2 ringgn each last month as part of its price/earnings ratios in the fixing of public offers.

Some 51 per cent of STM's enlarged equity of 44.1m shares is held by the New Straits Times turing companies and from 8 to 12 for commercial and merchant banks. the CIC guidelines say.

and Utusan Melayu groups, major newspaper chains, which are in turn controlled by the rulorganisation of Dr Mahathir Mohamad, the Prime Minister.

STM, which began operations five years ago, is forecasting a horizontal name of the shares but the authorities say low p/es protect the public.

SISTEM TELEVISYEN Malaysia (STM), the operator of TV3, the country's only private television and promises to pay a dividend of station, made an impressive debut on the Kuala Lumpur issue price, prospective earnings Stock Exchange yesterday when its shares were traded at more dividend yield is 5 per cent gross. Stockbrokers say public share

than three times their puone offer price.

STM shares opened at 6.2 ringgit and were chased up to 6.6 of the high premiums usually to ringgit in active trading before before to found once the shares are closing the day at 6.1 ringgit. The because the government Capital Issues Committee insists on low

banks, the CIC guidelines say. Brokers have called on the

Australia keeps television rule BY CHRIS SHERWELL IN SYDNEY

blow to their hopes for a relax-ation in the rules governing the audience reach of their networks.

But the Stadow Cabinet The three - Mr Christopher Skase's Qintex (Channel Seven), Mr Alan Bond's Bond Media (Channel Nine) and Mr Frank Lowy's Westfield/Northern Star group (Channel Tan) - are shown

group (Channel Ten) - are above or near the 60 per cent calling fixed by current legislation.

AUSTRALIA'S three commercial access to the larger rural audi-

prising the opposition Liberal and National parties, unexpect-edly decided to resist the prostrength in the Senate, this means amendments to the legis-lation will probably not go ahead.

Last week, ruling Labor Party
MPs agreed to back an increase in this limit to 75 per cent of the not mean an improvement in serpopulation. This would have vice to the Australian public or allowed the three networks an increase in competition.

ALLIANCE -- LEICESTER

Alliance & Leicester Building Society £112,000,000

Subordinated Floating Rate Notes 1998

For the three months 22nd April, 1988 to 22nd July, 1988, the Notes will carry an interest rate of 8.80625% per annual with an interest amount of £10,977.65 per £500,000 Note, payable on 22nd July, 1988.

Listed on the Luxembourg Stock Exchange.

Bankers Trust

Chemical

in switch

from Zurich

to Geneva

CHEMICAL BANK, the fourth-

largest US banking group, said yesterday it was transferring

yesterday it was transactions the foreign exchange and money market activities cur-

rently carried out at its Zurich

branch to Chemical New York

Capital Market Corporation

its securities company, in

However, the bank denied reports that the switch would

involve 40 redundancies among Chemical Bank's 170 employees in Zurich. There

were "no hard numbers". Zur-ich staff were being asked to

move to Geneva and it was

quite premature to speculate about redundancies, it said.

Last October, Chemical amounced cuts in its British operations which are expected

to reduce its UK staff of 950 by

The changes announced yes-terday need not result in

reductions in Chemical's total

reductions in Chemical's total staffing of around 240 in Switzerland; a spokesman in Geneva said. The aim was to "beef up" the capital market operations.

Expansion in Geneva would provide a platform for the bank to build on its strengths

in the grey market, the second-ary market and fixed income and equity trading, as well as

in foreign exchange and money trading, Chemical said.

It would also enhance the ties between Chemical's activi-ties in Switzerland and its

170 this spring.

By William Dulliorce in Geneva

Activity subdued ahead of US GNP figures

NEW ISSUANCE of Eurobonds be for at least Y130bn with a cou-slowed markedly yesterday as non between 4% and 5 per cent. issue not have been called, which the market paused for breath fol- However, Nonsura International, it will be after August 1983 if less slowed markedly vesterday as non between 4% and 5 per cent. the market paused for breath fol. However, Nonura International, lowing last week's torrent of new the house reputed to have won issues and ahead of the US first the mandate categorically denied quarter preliminary gross any knowledge of the issue. It national product (GNP) figures also said absence of swap win-

with many market players still endeavouring to place paper which was issued last week in a burst of primary market activity reminiscent of buoyant pre-crash

Tension ahead of today's US data limited secondary market activity in most sectors. Europen specialists noted that business specialists noted that business had already begun to wind down in anticipation of the Japanese "Goldan Week" holiday. Tokyo markets will be shut this Friday for the Emperor's birthday and will be closed for three out of five business days in the following week.

Euroyen prices drifted within a Euroyen prices united within a narrow range, with most attention focused on the terms expected on the May 10-year Japanese Government Bond (JGB) issue which will be fixed this week.

Current sector talking point is the "Battle of the Benchmarks"—the possibility that the current benchmark ICB blo 105 comming nark JGB, No 105 carrying a 5 per cent coupon is due to be replaced. Turnover in the No 105 has fallen drastically lately and dealers feel it no longer represents a fair benchmark for the

The most popular candidate to dace it is No 111, which carries a 4.6 per cent compon of which Y1,000bn was sold early this Y1,000h was sold early this month A coupon of 4.6 per cent is also favoured for the next terday. Salomon Brothers lars, there was a targeted soun issue, the No 112, which dealers launched a £100m floating-rate deal of repackaged ex-warrant bonds, including recent deals from Nippon Seiko, Showa Akambala was 7. on behalf of its subsidiary and Nihon Kohdele

dows made such an issue Activity overall was subdued unlikely.

Vanishing swap windows also inhibited primary activity in the Australian dollar denominated sector where most of last week's heavy weight of new paper is still swilling around on the books of the 20 or so houses which speci-alise in these issues.

INTERNATIONAL BONDS

Syndicate managers have been advising borrowers in the sector to wait until last week's total A\$785m of issues is satisfactorily subdued as the domestic market was closed for Anzac day. This hardly sided many of last week's issues which, despite fair terms and some popular names, were languishing outside fees today.

Most of last week's new Eurosterling issues were also seeing alow demand as prices of sea-soned issues extended losses sustained on Friday. Prices finished an average of % point down on limited volume with most sector players sidelined ahead of Friday's UK trade data.

believe could be made fungible note for TMC Mortgage Securi-bonds, including recent deals with the No III on its first ceu-ties No 7, on behalf of its subsid-pon date, thus providing the lary The Mortgage Corporation. The notes have a final maturity issued through financing vehicle

FT INTERNATIONAL BOND SERVICE

than film of the mortgages are outstanding.

Among the few new issues to

emerge was a swap-driven C\$100m issue for Electricité de France. The seven-year 10% per cent deal at 101% was led by Banque Paribas Capital Markets. The lead manager said the French state guaranteed issue was seeing healthy and widespread demand. It was quoted hid at a discount of 1.80, still within its total 1% fees.

In West Germany, govern bond prices eased between 25 and bond prices eased between 25 and 40 pfennigs in moderate trade and Eurobond prices saw similar falls. Turkey tapped the D-Mark market for the first time in its own name yesterday with a sub-stantial DM500m 6% per cent sev-en-year issue at par, led by Com-merzbank. The deal was seeing healthy demand, bid at a dishealthy demand, bid at a dis-count of 2.05, well within its total

2¼ fees. Nordic Investment Bank also issued a DM200m five-year deal with a Dazzon riveyear deal with accompanying currency warrants, carrying a 4% per cent coupon and priced at 140.50, led by DG Bank Deutsche Genossenschaftsbank. The bonds were quoted at a discount of 1, against total 2 per cent fees. In Switzerland, the sole new issue was a 12-year SFr100m deal

for Kymmene, the Finnish paper and pulp company. Credit Suisse led the deal which carries a 4% per cent coupon and is priced at 99%. The issue was bid at a dis-count of 1%. Secondary market

securities company in Japan, which is a branch of the benchmark issue.

Rumours persisted of a sizeable life of five to seven years, and new Euroyen issue for Italy. The carry a margin of 32½ basis issue, which has been mooted for points over three-month Libor. This is stepped up to 50 basis widely. Last July, Chemical lost 15 traders in Geneva who had helped it pioneer grey market operations in Switzerland. This refers to the pre-market trading in bonds before the end of the public subscription

period for issues. Subsequently, the team that quit Chemical joined American Express Bank to establish Amtrade Partners, a company specialising in the grey mar-ket. Currently, Chemical's Swiss operations are divided between three units – the Zur-ich branch, the Capital Market Corporation in Geneva and Chemical Bank (Suisse), also in Geneva, which concentrates on portfolio management but also provides the back-up offices for Chemical's Swiss

Richard Gourlay on the Philippines' faltering debt-for-equity scheme Manila frustrates potential investors

version programme 20 months ago, only \$381m of its \$28bn debt burden has been converted into

equity investment.
On the one hand, foreign bankers say the Government has tor-pedoed the chances of success of the programme, which they say could both encourage foreign investment and reduce the country's foreign debt.

On the other, the monetary authorities, watching with inter-est debt-for-equity swap programmes in Latin America, have never been convinced that such schemes are the right way to achieve these ends.

As a result, the Philippines programme has reflected this ambivalence and has ended up

being tightly restricted in a some-what arbitrary manner. Prospective investors, for instance, have been frustrated by at least two significant changes in the rules. Furthermore, bureaucratic delays after projects have been approved have meant that the amount of debt converted is far less than the \$813m

of swaps approved by the Central

The first big change in policy last November introduced a 20 per cent Central Bank fee. This effectively halves the discount an investor receives when buying debt on the secondary market and swapping it into pesos with the Central Bank at its full value. The Central Bank argued it had a right to claw back from the investor some of the benefits of the

In the second change in February, the Central Bank said it would only swap \$180m of its own debt each year in order to

However, foreign bankers say
prevent an inflationary increase other companies have either postin the money supply. However, poned investment or invested in

investors can still swap as much other countries, such as Thai-private-sector paper as they like land. This would contradict Mr - and with no Central Bank fee Fernandez, although there are because such deals do not

Philippines' debt-for-equity programme, because there is very

Mr Jose Fernandez (right), the governor of the Philippines Central Bank, says that debtfor-equity swaps are only the icing on the cake for investors. However, foreign bankers say that some companies have either postponed investment or invested in other coun-

little private-sector debt paper available.

They argue that investors are "priority" investors – in export. They argue that investors are still unwilling to invest in the Philippines without the incentive

of a large discount, despite an increase in political stability and investor confidence. Growth will remain consumer-led, rather than investment-led, and is therefore more likely to splutter.
Evidence for this is patchy. making equity investments any-way. This seems to support the view of Mr Jose Fernandez, the Central Bank governor, that the swaps are "only icing on the

those who say foreign bankers expand money supply. are overstating their case
Foreign bankers say this latest
change has effectively killed the to-earn fat brokerage fees while the programme is reined in.

The restrictions in the latest

oriented or labour-intensive industries - will have to find private-sector debt to swap. Nevertheless, mutual funds like those proposed by Shearson Lehman, with the International Finance Corporation, and Chase Evidence for this is patchy. by the new rules because their Some Japanese investors, for example, have accepted that debt swaps no longer work but are ever, the funds have not flour-

(anhattan Bank are not affected ished mainly because of a lack of suitable investment outlets. and pressure on the country's In practice, only a few of the private debtors, which owe \$1.3bn to banks, are liquid enough to prepay their debt, even in pesos, which is in effect what a debt

repaid before another, further limit the amount of available pri-

Despite all this, investment in the Philippines is on the increase. The government Board of Investments reported \$167m of registered new investments in the first two months of 1968, com-pered to \$420m for the whole of last year. Furthermore, some economists say that some of the money that left the country as flight capital during the eco-nomic plunge of 1963-86 is return-

On the other hand, investors are still wary of political instability in the Philippines, where the most recent coup attempt, which narrowly failed to topple the Gov-ernment, was only eight months

Bankers argue, with more jus-tification, that in order to compete with other Asian countries for investment, the Philippines has to offer more - like dis-counts on equity through debt swaps - even at the cost of higher inflation.
That said, the Philippines may

not be able to risk a programme like that of Chile or Mexico, which have retired roughly \$2bm each through swaps. The con-sumer-led recovery has already pushed inflation up to 9 per cent, from 4 per cent a year ago, the current account deficit is increasing, and inadequate capital inflows have led to a deterioration of the balance of payments

With debt-swap programmes currently restricted in the Philippines, suspended in Mexico, on the starting block in Brazil, and modest in Venezuela, Chile swap involves. "Pari passu" appears to be the only com-clauses in syndicated loans, disciple of the technique.

Record year for Sydney Futures Exchange

THE SYDNEY Futures Exchange, the fourth largest futures market outside the US, expects to start trading a new three-year Austra-lian Treasury bond contract on May 17, with options starting a

This was confirmed last Friday as the exchange published its annual report showing that 1987 was its most successful year yet.

Total trading volume for all contracts exceeded 5.56m, a rise of 64 per cent and the highest in the exchange's 27-year history. This followed even bigger increases in 1985 and 1986.

The exchange said the October share market crash substantially reduced trading volume in the contract based on the Australian

All-Ordinaries share price index, response to demand from the dollar contract, is currently but failed to affect overall volumes. response to demand from the dollar contract, is currently exchange's members, and is in showing low trading volume of time with a trend towards greater around 100 lots a day. The con-

Less encouragingly, it reported that international contracts introduced since 1986 had failed to produce the results expected of them. The contracts include one for Eurodollar interest rates and another for US Treasury bonds. The exchange also admitted that the change to cash settle-ment for its wool and cattle contracts had failed to revitalise these once important activities. The exchange's most successful market has been in 10-year

Australian Treesury bonds. Average daily volume last month, for example, was 14,000 trades. The new three-year bond con-

As with the 10-year contract, the new contract will have a face value of A\$100,000. It will trade In his report, Mr Les Hosking, initially for settlement in June the exchange's chief executive, and September 1988, and said a major event of 1967 was day-to-day pricing will be on the the disciplining, prosecution or basis of a notional three-year, 12 per cent coupon bond. per cent coupon bond.

The purpose behind the new contract, as with all futures and The action followed the pas

activity in shorter-term bonds in tract replaced a similar exchange the physical market. rate contract which quoted the rate in Australian dollars, contrary to customary practice.

operators.

options contracts, is to allow sage of futures legislation requirthose who hold or deal in the ing all individuals, firms or corunderlying physical assets to reduce their exposure to risk.

Another contract introduced behalf of Australian residents to

FT GUIDE TO WORLD CURRENCIES

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Farnell up 10% but takes equity losses below line

Farnell Electronics, manufacturer and distributor of electric following the investment in equipment, said electronic equipment, said ties and a reduction in interest ties and a reduction in interest ties and a reduction in interest. yesterday that its 1987-88 accounts would be qualified fol-

Mr Henry Elstone, finance director, said the company viewed the equity losses as an isolated occurrence, although its auditors, in line with the sixth Statement of Standard Accounting Practice, regarded such provi-sions as exceptional items.

Farnelit yesterday unveiled a 10 cent increase in pre-tax profits to £25. im (£23.4m) for the year to 31 January 1988, on turnover which rose by 20 per cent to

The decision to invest £10m in equities last August stemmed from the company's desire for its cash to keep pace with the price of possible quoted acquisitions, said Mr Elstone. Following the crash, it has decided to limit itself to fixed interest investing the country of the coun crash, it has decided to limit Mr Raymond Kidd, group liself to fixed interest invest- chairman, said the current financents and it intends to sell its cial year had begun strongly, equities during the current year, despite generally uninspired trading from investments ing conditions.

S. Lyles rises 58% to £0.42m at halfway

S. Lyles, carpet yarn spinner and dyer, returned pre-tax profits of \$420,000 for the half year ended December 31. That was an improvement of 58 per cent over last time's £266,000 and just £129,000 short of the figures of the previous full year.
Mr John Lyles, the chairman,

said yesterday that trade remained buoyant and that he expected profits for the second six months to at least equal those

As a result of improved efficiencies and a small increase in leading insurance company in its spinning capacity production was at a record level.

A new blending plant would be in operation this summer tees fuelled by the video, cable and been broadly in line with enabling spinning requirements.

A max Lewinsonn, chairman cash for each it mominal of FFL, as the loan notes held.

Dominion also said yesterday that it expects to recommend an advantage of the growing unchanged final dividend of 3p demand for completion guaranfor the year to March 31. Progress the spinning requirements and satellite television markets.

to be serviced more efficiently. First half turnover totalled £9.68m (£7.65m), Earnings improved to 3.5p (2.11p) and the up to 1.5p (1.375p adjusted).

rates and net cash. The company had net cash at the year end of flowing a decision to describe a \$23.4m, down from \$25m last \$2.4m provision for losses on year. The reduction followed from the investment in equities and increased working capital and debtors

Operating profit increased from £19.58m to £23.1m. Of this electronic component distribution, the core business, accounted for £17.93m, an increase of 15 per cent. Profits from electronic man-ufacture and marketing moved ufacture and marketing moved up by 34 per cent to £5.44m and consumer goods distribution at 24 per cent, as is the return on increased to £0.23m. The figures net assets employed at 40 per included a £913,000 (£808,000) contribution to the employee profit sharing scheme.

Thus despite fairly singuish growth in the industry as a whole, Farnell is growing at a sharing scheme.

Earnings per share rose from 11.9p to 13.1p. The recommended final dividend is 2p per share, giving a total for the year of 3.5p (2.8p).

Mr Raymond Kidd, group chairman, said the current financial year had begun strongly, despite generally uninspired trading conditions.

whole, Farnell is growing at a rate of 20 per cent a year. Looking to the future, however, as the company starts to outgoon the fully, much must depend on the success of the greenfield operations getting underway in Australia and West Germany. Assuming Farnell makes pre-tax profits of about 130m this year, the shares down 8p to 188p, are fully valued on a prospective p/e of 11.

Dominion Intl bids £16m for balance of FFL shares

reputation through 22 years of profits growth, it seems a touch

perverse to court opprobrium -and qualified accounts - through the unconventional treatment of equity losses. That said, the City,

equity losses. That said, the City, having savaged Farnell's shares at the time of the crash, is probably now ready to shrug the whole embarrassing debacle of the equity losses aside. And that leaves it weighing up the virtues of Farnell's undeniably efficient distribution businesses. Distribution

distribution businesses. Distribu-tion margins, though down a notch this year, are still sky high

Dominion International Group been made for the 55.4m of 10 per has made a £16.2m recommended cent unsecured loan stock not offer for the 71.8 per cent of FFL aiready owned by Dominion. The Holdings it does not already own. offers value the whole of the Since February, Dominion has share capital of FFL at about purchased 28.2 per cent of FFL £13.65m and the whole of the Holdings, which provides completion guarantees for the film and television industries, as part of television industries, as part of television industries, as part of the offer, television industries, as part of the offer, television industries, as part of the offer, television industries, as part of the offer the terms of the offer television industries, as part of the offer the terms of the offer the television industries, as part of the offer the terms of the offer the

and satellite television markets.

Equally, it fits well with our prices, lower sales of personal strategy of building strong niche savings plans and the effect of businesses in the financial sector translating dollar earnings into a with dominant market posistronger pound have had an

City gets a taste for fish and chips

CITY investors, it seems, have acquired a taste for fish and

Vesterday, Merryweathers — a privately-owned company backed by Schroder Ventures, three Robert Fleming invest-ment trusts and the Roso Pension Fund - announced the acquisition of a 15-strong chain of fish and chip restaurants and take-away outlets from Associated Fisheries for

Included in the package is Harry Ramsdens, located at Guiseley in Yorkshire and arguably the most famous "chippie" in Britain. Merryweathers is headed by Mr. Lohn Rayros formariy a

Mr John Barnes, formerly a senior executive in Thorn-EMI's rental and retail division. The company began life three years ago, with just under fire-worth of backing from the City investors, and then started trading with just one outlet in Gulldford in Sur-rey in spring 1986. Since then — and ahead of yesterday's deal — another 22m has been injected into the business by

investors.

The acquisition will give Merryweathers a total of 28 outlets, and annual net sales of about £5.5m - which, Mr
Barnes claims, will make it the
biggest single fish and chip
chain in the UK.
Under the deal, Merrywesth-

Under the deal, Merrywesti-ers will pay \$4.6m to AF in cash and a further \$2.5m by way of 4.8 per cent secured convertible loan stock. AF's conversion rights would cur-rently give the quoted group a 7.2 per cent stake in Merry-weathers.
In addition, Wr William Let-

In addition, Mr William Let-ten, AF managing director, will join the Marryweathers board as a non-executive direc-tor. AF will also continue to supply fish to the private com-

AF, which has owned fish and chip shops since the ear-ly-1960s, said yesterday that it had decided to sell because of the "scale of investment needed to compete with the increasing predominance of fast-food chains".

Most of its outlets trade under the Seaferers name, and in the year to end-September, they contributed £478,600

Steven Butler and Kenneth Gooding on RTZ's oil disposal to Elf

Making ripples in the North Sea

France for £308m yesterday has finally cleared up the mystery of the British mining company's intentious toward the oil sector, but how covered a new result of the sector, but has created a new puzzle. What will happen to two of Britain's leading independent oil companies, Enterprise Oil and Lasmo, in which RTZ retains substantial interpret

stantial interests? The fate of RTZ's involvement in oil and gas has long been a subject of speculation, given its aggressive attempt virtually to take over Enterprise Oil when Enterprise was privatised four years ago. It seemed just as likely until yesterday that RTZ might take the plunge by putting in the extra resources needed to make its exploration and production in the end it has gone in the

other direction and created an other direction and created an opportunity for Elf Aquitaine, the French oil group which earlier this year was outbid for Tricentrol by Atlantic Richfield. Elf was looking for a way to spend the cash flow from its other UK oil and gas interests and is now established as a major player in the North Sea for years to come. Yet even more interesting than the implications for Eff and RTZ is what the deal may mean for the rest of the UK independent RTZ might have moved to expand its oil interests was highlighted by its near 30 per cent interest in the London and Scottish Marine Oil Company (Lasmo), and Lasmo's 25 per cent interest in Enterprise Oil.

Enterprise Oil.

This chain of shareholding has yet to come unraveled and it promises to lead to yet another upheaval in the independent oil sector. Leano's shares yesterday rose 13p to 388p and Enterprise rose 15p to 380p, both on speculation that predators will be licking their lips now that they will not have to contend with the nossibiltheir lips now that they will not have to contend with the possibility of any countermoves by RTZ.

RTZ is, none the less, not able to dispose of its Lasmo stake freely just yet. The terms under which it was acquired prevent RTZ from selling the 30 per cent block until July 1968. In the mean time it can only sell. 5 per cent time it can only sell 5 per cent chunksto separate buyers and there is a possibility that it will



Chief executive line-up - Derek Birkin (left) of RTZ, Chris Greentree of Lasmo and Grahan

sales to institutional investors.

However, should a bid for Lasmo succeed and be declared to accept the offer for its entire stake. This means that Lasmo is clearly in play, attractive as much for its own assets as for its stake in Enterprise. The Government still retains a special, or guiden, share in Enterprise that do just that through a series of ther are likely to look placifily on been making a return on capital

ment suit retains a special, or when Mr Derak Hirkin took over steel glass and plastic products golden, share in Enterprise that as chief executive.

Would prevent a takeover, He said again yesterday that he sithough this is set to expire at the end of the year.

He said again yesterday that he The MR deal also showed that wanted RTZ to be seen as a natural resources and related industrial was willing to make contained in the PTZ management the group capable of growing something which had been in a management that they would look and enhancing the business see than 21m in 1864-85 on a series of agreed acquisitions.

The sale of the oil and gas agreed acquisitions.

But Mr Birkin believes it is just investment community to see

to see why.

Enterprise is firmly established this strategy more clearly. "We in the North Sea. It has grown are sharpening the focus," rapidly, and its production profile is set to rise steadily into the of minerals to the world's manufaldle of the next decade with facturing industries with an the help of the recent Nelson diseast to the world's ranging covers. With its back your in the world town absorbing to the

thome again and renew concentrathome again and renew concentration on North Sea exploration.

The assets of the two compamies would fit nicely together,
although the managements of Britin is concerned, is the fact community RTZ is trying very
both are highly respected and nei-



covery. With its back yard in through from abminium to zinc, good order its sights are set on The sheer scale and profitabilinternational expansion with ity of the complementary industrial assets are sometimes forgother. Turnover in the chemicals for the complementary industrial assets are sometimes forgother. Lasmo, for its part, has successfully established itself as the division is likely to be about cessfully established itself as the 2500m this year, putting it on a most international of the UK par with Laporte for example, independents, yet has said while Pillar, the construction recently that it wants to come products division, will have sales home again and renew concentration on North Sea exploration.

The assets of the two course.



But Mr Birkin believes it is just as important for a company to divest itself of under-performing assets. The sale recently of Castle

Cement for £230m was in line with the policy of disposing of activities that are either not core businesses, or are ex-growth, or cannot provide added value. The oil and gas operations had to go because RTZ estimates that it would cost about £1bn to move RTZ from the bottom to the top of the second division oil compa-

The group was not willing to contemplate an investment of

This announcement appears as a matter of record only.



Peachey Property Corporation plc

£75,000,000 MULTI-OPTION FACILITY

Arranged by BARCLAYS de ZOETE WEDD

Underwriters

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National Westminster Bank Group Canadian Imperial Bank of Commerce

The Sanwa Bank, Limited

The Sumitomo Bank, Limited

Bardays Bank PLC

TSB Scotland plc

Canadian Imperial Bank of Commerce

CIC-Union Européenne, International et Cie The Dai-Ichi Kangvo Bank, Limited

Dresdner Bank Aktiengesellschaft National Westminster Bank Group

The Royal Bank of Scotland plc S.F.E. Bank Limited

Tender Panel Members

TSB Scotland plc

Credit Suisse

Daiwa Europe Bank plc The Kyowa Bank, Ltd.

N M Rothschild & Sons Limited

The Sanwa Bank, Limited The Sumitomo Bank, Limited

S.G. Warburg & Co. Ltd.

<u>BARCLAYS de ZOETE WEDD</u>

April, 1988

Organic growth pushes RKF up 69% to £858,000

REF Group, the acquisitive development companies, in milding services company which which a considerable amount of

4 per cent in 1986.

The pre-tax growth came largely from strong organic growth of core businesses sub-contracting - as RKF's five acquisitions last year were com-pleted only in December.

The acquisitions have hespen to more than treble the group's size to a capitalisation of about 25m, against £6.3m when it mtered the USM.

expenses of £1.26m (2750,000) incurred in connection with November's £7.3m rights issue and acquisitions. Turnover was up 40 per cent to £9.18m (£6.54m). The directors proposed a final dividend of 1.5p on its enlarged share capital, making a total of 2.33p for its first year as a public

Apart from diversifying into printing — an entirely new area — the group has also enlarged its roperty development activities. Mr Bob Francis, chairman, said that because of project delays, no profit contribution was made last year by the group's land and

milding services company which which a considerable amount of soined the USM last April, its capital was employed.

announced a 69 per cent increase in pre-tax profits from £508,000 to Capital Markets, RKF's broker, £858,000 for 1987.

However, earnings per share a four-fold increase in pre-tax fell from 7.02p to 5.26p, mainly because of a higher tax charge of 34.5 per cent against a nominal through the profits to £3.9m for 1988, on turn-because of a higher tax charge of the profits to £3.9m for 1988, on turn-because of a higher tax charge of the profits to £3.9m for 1988, on turn-because of a higher tax charge of the profits to £3.9m for 1988, on turn-because of a higher tax charge of the profits to £3.9m for 1988, on turn-because of a higher tax charge of the profits for £3.9m for 1988, on turn-because of a higher tax charge of the profits for £3.9m for 1988, on turn-because of a higher tax charge of the profits for £3.9m for 1988, on turn-because of a higher tax charge of the profits for £3.9m for 1988, on turn-because of a higher tax charge of the profits for £3.9m for 1988, on turn-because of a higher tax charge of the profits for £3.9m for 1988, on turn-because of a higher tax charge of the profits for £3.9m for 1988, on turn-because of a higher tax charge of the profits for £3.9m for 1988, on turn-because of a higher tax charge of the profits for £3.9m for 1988, on turn-because of £3.9m

sterday to close at 92p, on a prospective p/e ratio of 8.3, assuming a lower tax charge of 24 per cent because of likely tax minfor considerations. But these forecasts may soon change if further acquisitions, foreshadowed yesterday by Mr Francis, take place in the next

"One or two exciting things are happening," he said, adding that his goal is to build up the group to a £190m size "in the near

More CAP bought

Cap Gemini Sogeti, French-based computer services company, con-tinues to increase its holding in CAP Group, UK software house. It has acquired a further 1.06m shares, taking its stake to 27.58

per cent.

CGS picked up an initial 14.9
per cent in a market raid earlier
this month, which CAP indicated
was highly unwelcome.

CAP is in the process of merging with another French group.

Bow Group, the building services systems for buildings throughout company, has reported pre-tax Britain. It is presently supplying profits of £4.5m for 1967, com-services to the Broadgate development with the £4m forecast in isomest in the City.

Mr How said the wide margin by which the forecast had been Mr Peter How, chairman, said the company had enjoyed higher levels of business and better mar-

gins as a result of the buoyancy of the construction industry, particularly in the south-east.

He saw the same trend continuing into the current year, the level of orders in the first three

by which the forecast had been beaten was a result of the cau-tious view taken of long term contracts at the time of flotation. Pro-tax profits of \$4.45m com-

pare with 23.54m in 1986, when profits were boosted by a 5799,000 pension contribution holiday. Turnover rose from £107.64m months was up by 20 per cent allower rose from £107.64m to £150.57m, and earnings per share, diluted to take account of the company's extensive share option and electrical services, air conditioning and fire protection recommended, as forecast.

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DIVIDENDS ANNOUNCED

How's cautious forecast

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

beaten with £4.45m



HFC Bank plc £100,000,000 Certificate of Deposit Programme (with U.S. Dollar option)

> Arranged by Midland Montagu

Midland Montagu Commercial Paper Morgan Grenfell & Co. Limited S.G. Warburg & Co. Ltd.

Leating & Paying Agent Samuel Montagu & Co. Limited



Near 50% accept Beazer offer

received valid tenders in respect of 49.5 per cent of the ordinary shares of Koppers, the US aggregates group, for which it has launched a \$1.7bn bid.

Together with the 7.4 per cent that BNS, Beazer's bid vehicle, owns outright, that gives the UK company the prospect of 56.9 per cent of Koppens' equity. Following Koppens' equity. ing Koppers' announcement last week of a \$8.5m first quarter loss, the news appears to tilt the bal-

two peripheral businesses in the US for a total of \$14m (£7.4m).

lars, wine producer, importer and distributor, and GMI Photo-graphic, which imports and dis-tributes professional photo-

Somerset was acquired in 1986 as part of the takeover of the Distillers Company. The business has been split into three parts for sale to three separate purchasers

They are Somerset Vintage Cel-

Beazer, the UK housebuilding ance further in favour of the UK and construction group, has group. But victory still depends "white knight" counterbidder or reveal details of a recapitalisation, on anti-pressure of the UK terday. Koppers has yet to find a bid in Pittsburgh and California. "White knight" counterbidder or reveal details of a recapitalisation, on anti-pressure grounds. on success in three separate US court cases. While it wasts for some verdict

in the courts, Beszer has been forced to keep extending its hid and it did so again yesterday. The tender offer will now be open until April 29; "The stockholders have sent a

clear message to the Koppers board that they like our bid" said Mr John Matthews of Beazer's UK advisers County NatWest yes-

GMI was acquired in 1980 and has been sold for \$5m.

- Guinness said the disposals were a continuing part of its

strategy to concentrate on its core businesses of spirits and

The disposal programme dur-ing the last year, which has involved selling most of its retail interests; has raised more than

tion plan.

in California but Beazer will be Beazer originally launched a able to appeal on May 13. Mean-\$45 per share offer for Koppers in while in Pittsburgh, Beazer has March, increasing the offer to \$56 filed information required by a and then \$60 per share after judge who granted Koppers an receiving a hostile reaction from injunction. The judge in Delaware is shortly expected to give Action quickly shifted to the his opinion on the conditions courts with Beazer attempting to that will need to be imposed if lift Koppers' poison pill defence the poison pill provisions are in a Delaware court and Koppers lifted.

seeking injunctions against the G.M. Firth acquires steel Guinness sells two US companies for £7m mill operator for £6m

G.M. Firth (Holdings), the industrial group, is paying £5m cash to months to September 1987 were acquire Spartan Holdings, a steel £1.63m on turnover of £28.4m. Firth is making an initial payment of £5.5m, financed from existing overdraft facilities, and

two further payments of £250,000. The main trading company within Spartan is Spartan Redheugh, which operates a steel plate rolling mill in Gateshead. Pre-tax profits for the group for 1987 were £520,000 (£780,009) on turnover of £16.6m (£15.2m).

Firth is engaged in steel stock-holding, furniture distribution, machinery dealings and trans-

Gold Fields scrip

option taken by 36% Consolidated Gold Fields, minin and building materials group said that holders of 36 per cent of its shares had chosen the scrip option, rather than cash, for its most recent dividend. The level of acceptances, rela

ing to the interim dividend for the year to June 30, marked a sharp recovery from the 1 to 2 per cent for the 1986-87 final.

Slight fall at United Friendly

USM-quoted United Friendly Insurance, which underwrites main classes of insurance business excluding marine and motor, saw 1887 pre-tax profits fall slightly from £11.2m to £10.8m. After tax, cut from 23.9m to 23.5m, earnings per share rose from 45p to 45.2p. On the life side, industrial branch premium income slipped to £88m (£88.2m), while ordinary branch reported an unchanged £16.7m. General branch premium income was up at £54.2m (£54.1m). A final dividend of 17p makes a total of 25p (21p).

Lorlin suspended

Shares in Lorlin Electronics USM-quoted maker of switche and connectors, were suspended at 160p yesterday morning at the company's

request.

Lorlin would not comment, beyond saying it had requested that trading be suspended "following an approach which may or may not lead to an offer for the whole of the leasted chara control of the issued share capital of the Lorin reported pre-tax profits up 20 per cent to £815,000 for the first half of 1987.

Capital Radio makes first move

move into independent television move into independent television for production with the formation of director of Capital and chairman MAC TV in partnership with Mansfield Television Holdings.

Mansfield Television Holdings.

Mansfield is owned by Mr Mike Mansfield, an independent television producer noted for his pop opportunities which will arise as music programmes. It has £2m—the independent television production sector in the UK sion and leisure interests in the expands." director of Capital and chairman sions or advance sales. sion and leisure interests in the

into independent television

He added that Capital had of what they will be buying, worked with Mr Mansfieldon the Capital, which was floated on the Stock Exchange in February last year and saw its share issue filming of some of its rock concerts for television, which estab-lished the basis for the new venover-subscribed 62 times, said the new television company's first projects would include a pilot for a drama series, a quiz show and In the last year, they jointly produced three television spe-

The company will start with capital of £250,000, with equal contributions from the transfer of Soviet rock and roll bands staged in the UK.

Capital Radio, Britain's largest ners, but will consider funding of tor of the new company, said an commercial radio station, yester up to £500,000 for development of important feature of its plans day announced its first major programmes. rogrammes. was to develop ideas to produc-Mr Nigel Walmsley, managing tion without waiting for commis-

> Noting that many proposals by independents fall at the first fence because of lack of funding, he said: "By being able to develop and deliver fully-pro-duced pilots, we can give poten-tial markets a much better idea

> Once projects have been sold on this basis, MAC TV will then consider whether to go into full-scale production on its own account or in partnership with others. It may also licenseproductions to other independent producers.

Capital's shares rose 2p to close at 216p yesterday.

Property side helps Feedex to £3.16m

A SUBSTANTIAL lift on the was already benefiting from the £143.86m (£137.5m), gross profit to property side enabled Feedex merger.

Agricultural Industries to pro

The final dividend is the promduce a group pre-tax profit of £3.16m for 1987, against £2.66m previously.

The profit was an improvement

The profit was an improvement on the forecast made last Octo-ber, when Feedex merged with the much larger private concern, Usborne & Son (London). The directors said the enlarged group

Merger accounting policies have been applied to 1967 and the com-

£8.52m (£7.84m), and operating surplus to £2.99m (£2.9m). Interised 1p on the enlarged capital, est charges were reduced to making a maintained rate of 1.5p. £54,000 (£467,000).

Property accounted for £1.56m (£325,000) of profit before loan interest, while the agricultural The directors pointed out that profits from property development were irregular,

Group turnover came to (£155,000).

Prestwick back to profit The expected return to profits at Wace Group has acquired Valley Prestwick Holdings in the six Litho Studios, Proflex and Quad-

Guinness, drinks group, has sold for a total of \$9m.

months to January 31 came through at £309,000 compared with a £522,000 loss in the same the issue of 651,075 new ordinary period of 1986-87. The result marks Prestwick's return to pre-tax profits after two years of

Sales rose 20 per cent from 28.96m to £10.8m. Mr David Simpson, chairman, said that together with improved margins this had produced a trading profit of £662,000, compared with a £504,000 trading loss previously. The three-year investment programme was now completed, giv-

ing the company the "versality to capitalise on the opportunities that exist in the electronics industry." Mr Simpson said. industry." Mr. Simpson said.

There is no interim dividend, but the board will consider a final.

least two years. The balance has been placed with clients of Lampance Prust and Co at 238p per share.

Wace purchases total £1.55m

rascan for an initial consideration of £1.55m satisfied through

The three Newcastle-based companies provide pre-press ser-vices to the printing and packaging industries. Valley had pre-tax profits of £170,989 on sales of £1.81m in 1987. In the year to end-May, Proflex made £91,118 on sales of £1.05m. In the year ended September 30 Quadrascan made £11,932 on turnover of £447,336. Further consideration depends on

future profits.
Of the consideration shares being issued 90,000 will be retained by the vendors for at

Saatchi in US purchase

Saatchi & Saatchi, the advertise adjusted pre-tax profits of ing and business services company, is to pay up to \$10.3m (£5.5m) for National Research Group, the leading market research organisation for the US film industry.

Mr Jeremy Sincklr, deputy chairman, said the acquisition would provide an excellent base for further expansion into enter-tainment research. In 1987, NRG

Hambros acquisition

Changes in the following com-pany share stakes were has a beneficial interest to announced in the past week: 287,400 (3.91 per cent). Sterling Publishing: J.D. Moser became interested in a further 250,000 ordinary and in 1.4m charges (6.12 ner cent). Sterling Publishing: J.D. Moser has disposed of 30,000 ordinary and his holding is now 1.51m

Cowells: G.W. Barnes, director, Systems Designers: C.A. Lenhas sold 250,000 ordinary. This reduces the holding of himself, ordinary (rights).

After an initial consideration of \$2.3m, additional payments our to \$8m are linked to profits.

Hambros, the merchant banking and estate agency group, is to acquire 50 per cent of Shea, Pas-chall & Macchioni, a private is estimated to have made investment bank in New York.

SHARE STAKES

ested in 1.4m shares (6.13 per

has disposed of 30,000 ordinary and his holding is now 1.51m

ordinary (8.76 per cent).

INSPECTORATE INTERNATIONAL LTD.

Notice to holders of the Warrants of 31/2% Guaranteed Bonds due 1993 with Warrants of Inspectorate International Finance N.V.

At the Annual General Meeting of shareholders of Inspectorate International Ltd. to be held on May 10, 1988, the Board of Directors will propose, inter alia, to grant subscription rights to holders of bearer participation certificates outstanding at that date to acquire new bearer shares of SFr. 100 nominal value each on conditions to be determined on or about May 6, 1988.

In connection with this capital increase, the holders of the Warrants of the 31/2% Guaranteed Bonds due 1993 of Inspectorate International Finance N.V. with Warrants of Inspectorate International Ltd. should note that:

a) exercise of the Warrants into bearer participation certificates cum subscription rights can take place up to April 26, 1988

b) the purchase rights of the Warrants will not be exerciseable during the period from April 27, 1988 up to and including May 27, 1988
c) the purchase price will be adjusted on May 30, 1988 and published as soon as possible thereafter

Inspectorate International Ltd.

Hispano Americano International Limited U.S. \$ 100,000,000 Primary Capital Guaranteed Floating Rate Notes due 2006 Banco Hispano Americano, S. A.

In accordance with the provisions of the Notes notice is hereby ghen that for the six months period from April 25, 1988 to October 25, 1988 the Notes will carry an interest rate of 7%% per annum with a coupon amount of U.S. \$ 387.60.

Frankturt/Main, April 1988 **COMMERZBANK**

RESULTS

The Group's profit for 1987 was £171.5m before tax, the second best figure in our history, but it was much lower than we had hoped given the underlying progress in our business. We would comfortably have improved upon last year's record had it not United Kingdom and exchange rate movements which cost nearly £23m.

THE STORM

The storm of 15th/16th October surpassed in its ferocity any gale in the two-and-threequarter centuries since the Sun Insurance Office was established in 1710. Contingency plans were put into operation to deal with the emergency. In all we have handled about 200,000 claims and no praise could be too high for all our staff involved. But at £128m the cost has been heavy and it is not surprising that we have shown a large underwriting loss at home.

THE CRASH

The turbulence of the autumn of 1987 demonstrated the comfort to be derived by policyholders and shareholders alike from reliance upon an insurance company whose balance sheet is both strong and liquid. Thanks to the quality of our investment management our solvency margin was still 85% at the end

POINTS FROM THE STATEMENT BY THE CHAIRMAN, H.U.A. LAMBERT

OPERATIONS

Sound underwriting has produced good results in a number of our commercial accounts.

The range of our services has now been extended by the provision of health insurance, through Sun Alliance Health First.

We have reshaped our Home operations and set up a strong regional organisation

PREMIUM INCOME	1987 £m	1986 £m
	4	
General insurance	1,990.2	1,994.4
Long-term insurance	764.7	704.5
• •	2,754.9	2,698.9
PROFIT AND LOSS ACCOUN	T	
General insurance underwriting loss	(107.7)	(78.3)
Long-term insurance profits	` 30.0	27.3
Investment and other income	249.2	231.4
Profit before taxation	171.5	180.4
Taxation	40.9	43.3
Minority interests	9.7	10.5
Profit attributable to shareholders	120.9	126.6
Dividend	61.2	46.4
Profit retained	59.7	80.2
Earnings per share	61.3p	64.2p
Dividend per share	31.0p	23.5p

based upon principal offices equipped with all the expertise necessary to offer a complete service to all our customers.

The Marine and Aviation Divisions have again done well and have contributed substantial underwriting profits.

Overseas our results have continued on the improving path of 1986.

Life and pensions business showed good growth during the year.

The steady development of our business and the overall strength of our Group give us confidence that we shall see sound progress this year.

DIVIDEND

The Directors have resolved to declare a final dividend of 21p per share making 31p per share for 1987 (1986: 23.5p).

MEETING THE CHALLENGES

In the year past, the Group has had to adapt itself to markets in which increasing competition, changes in the relationship between insurers, intermediaries, and clients. and new regulations have made great demands on the professionalism and marketing skills of our staff. They have been equal to the challenge and we look forward with optimism to 1988.



UNALLIANCE

The Armsal General Meeting of Sun Alliance and London Insurance pic will be held at 12.30 pm on 18th May, 1988 at the Head Office, Bartholomew Lane, London EC2N 2AB. The Annual Report and Accounts were posted to shareholders on 22nd April, 1988. If you are not a shareholder and would like a copy please write to the Company Secretary at the above address.

William Baird

Group turnover (£m)

Group P.L.C.

THE SPECIALIST ENGINEERING GROUP

17th SUCCESSIVE RECORD YEAR

- 1987 pre-tax profits £8.3m, up 18%
- Dividend of 8.35p, up 11%
- Cash on deposit £13m
- Five acquisitions in past nine months

"Orders, sales and profits in the first quarter of 1988 are ahead of budget, and the same period last year" M Q Walters, Chairman

Allied London upsurge

PRE-TAX profits for the six months to end-December almost doubled at Alited Lon-

almost doubled at Allied London Properties from £1.77m to £3.47m. Rental income for the property development, investment and housebounding group rose from £3.25m to £4.27m.

Tax accounted for £1.04m, against £433,000, Diluted earnings per 10p share before tax came out at 5.04p (3.04p) and after tax at 3.51p (2.19p). The interim dividend is 0.9p (6.2p).

Mr Geoffrey Leigh, chairman, said that the outchase at mar Georrey Leign, chairman, said that the purchase at the end of March of Cooper Developments (Sfidlands), the housebuilding company which trades as Wetenhall Cooper, would add to the activities and land hank of the Storling

Homes division, and would enable the group to take advantage of renewed buoysncy of the Midlands area. He added that in February holders of £2.13m of 8.5 per cent convertible unsecured loan stock 1999 had exercised their conversion rights and that 5.95m ordinary shares of 10p were issued.

land bank of the Sterling Homes division, and would

Alice Rawsthorn on the rise of 'safe and solid' William Baird

Fortune favours the staid

Engio

IT IS perhaps a sign of the times that William Beird, which was regarded as one of the more staid members of the textile sector in the dazzling days of the bull mar-ket, should have become one of the star performers in the more, cautious climate since the stock

In the buil, when investors sought out active stocks, Baird was cast in an unadventurous light companies like Coats through and Colonell Hausener in Viyella and Coloroll. However in the bear, Baird, like other "safe and solid" investments, has

returned to favour. As a result its shares have raced sheed in the months since the crash, while other textile

Baird is one of the higgest tex-tile companies in Britain, with substantial interests in engineer-ing. Its market capitalisation of more than £185m assures it of a place among the "hig five" textile

Its factories stretch across the country and it claims annual sales of more than £200m in texneering. Baird made pre-tax profits of almost \$25m last year and is expected to make \$30m this year. Yet its low profile has given it the role of the "alceping giant"

of the industry.

The group dates back to 1816 and to the iron, steel and coal mining industries of Scotland. When these industries were nationalised after the Second World War, Baird built up new nterests in metals and textiles. It was in the 1970s that Baird came an important force within textiles. In 1976, with the takeover of Thomas Marshall, textiles became its dominant area of activity. In 1978 it bidded to become one of the biggest players by attempting to takeover Daw-son international, the then-trou-

bled Scottish knitwear company. Under Mr Donald Parr — the present chairman who came into shall - it has concentrated on expanding its established businesses through a combination of organic growth and small, strate-gic acquisitions.

1983 84 85 86 87 1983 84 85 86 87

Baird's philosophy throughout the 1980s has been to create broadly based businesses in two areas textiles, which is concentrated on clothing, and specialist engineering, with emphasis on thermal insulation.

The group is now the third largest clothing manufacturer in Britain, after Coats and Courtanids. Its business is divided between supplying contract clothing to multiple retailers — like Marks and Spencer and Storehouse - and manufacturing its own branded merchandise such as Dannimac and Telemac rainwear. Baird mustered sales of £112m from contract and £58m

from branded clothing last year. Though there have been small

been on organic growth. It has concentrated on improving the efficiency of its production plants, by investing in new tech-nology, and on steering its businesses into areas where they are

less exposed to imports.

With Dannimac, for example, it has re-equipped the production plants, and relocated from one of the old factories into a new plant in 1966. Dannimac is now well established in the branded rainwar market, where it faces little import competition. Baird now plans to develop its younger and more expensive ranges and to nurture new Kuronean markets.

The rationale is that these

companies from the impact or increased import penetration by sourcing in the Far East, as well as in the UK. Almost a third of its clothing comes from the Far East, chiefly from contract manufacturers. It also owns a factory in the Philippines.

The dual approach to sourcing search — plans to stick to the same strategy of expanding its established areas of activity. In

Offers some m

ling. In such a situation the ling. In such a situation the improved profitability of Baird's overseas operations can counter any impact on its UK activities.

This flexibility stood the company in good stead in the recession of the early 1980s, when it fored rather better than many of the follow electrics manufacture. its fellow clothing manufacturers. It is now preparing to take advantage of the decision of several UK retailers to increase their overseas sourcing. It is building a new warehouse in Manchester to handle imports of clothing for

Marks and Spencer.
The same approach - of investment in organic growth supported by strategic acquisi-tions – has been applied to engineering. In the mid-1980s the divi-sion was dominated by Darchem, and by two substantial contracts to provide thermal insulation for the Torness and Heysham nuclear reactors. The profits from these projects peaked last year and Reird has been building

more expensive ranges and mytore new European markets.

Baird also shelters its clothing acquisitions will take the engineers from the impact of neering division into new areas increased import penetration by of activity, while enabling individual businesses to benefit from

The dual approach to sourcing same strategy of expanding its fiers some measure of protection established areas of activity. In Though there have been small saginst fluctuations in currency.

acquisitions in the 1980s — like At present the UK clothing industions in the 1980s — like At present the UK clothing industries of Bridal Fashions, the bridge try faces an increase in import area of consumer goods with a dalwear manufacturer it bought penetration from the Far East, last year — the main thrust has fuelled by the strength of ster
its clothing companies.

Royal Trust Bank

New Mortgage Rate

and from 1st June for existing borrowers the mortgage rate will be reduced to 9.5%.

ROYAL TRUST

Royal Trust Bank Royal Trust House 48-50 Cannon Street London EC4N 6LD Tet 01-236 5044 Royat Trust Bank Regional Offices: lar 061 832 3033 i pswich 0473 231223 Leeds 0532 461869



£100,000,000 Floating Rate Notes 1992

Notice is hereby given that the Rate of Interest for the three mouth Interest Period commencing on 22nd April, 1988 has been fixed at 8.375% p.s. and that the interest payable on the relevant interest Payment Date, 22nd July, 1988, in respect of Coupon No. 10 will be £104.12 per £5,000 Note.

COUNTY NATWEST

James Crosby, the housebuilder which joined the stock market in July, has exchanged contracts to acquire Caldwell & Sons, the

James Crosby acquisition

nursery and garden centre opera-tor, for £2.2m in cash. Both com-panies are based in Cheshire.

Dan-Air growth boosts shares

Davies & Newman Holdings, overall, the company said, with remained in profit despite severe which operates the Dan-Air single Dan-Air's share of the market under-utilisation of its offshore line, surprised the market for the 22 per cent. The number of passing on the second year in a row with pre-tax sengers carried by Dan-Air dury outlook is more promising this profits well ahead of expectations ing the year increased from 5.81m.

21.29m to the previous year's Dan-Air is bidding for some B-Cal (21.39m).

Proutes following the latter's routes following the latter's main part of the group's activities, benefited from a year which disappointing year. Although was largely free of terrorist and political incidents on aircraft. The airline also gained from positive movements in both exchange in mind that the favourable circumstances that takes was an increase in rates in the favourable circumstances and fuel prices.

rates and fuel prices.

The UK market for charter Dan-Smedvig, oil drilling and challenge to aci flights increased by 15 per cent well servicing associate, result this year.

at £9.6m. The shares climbed 70p to 5.48m. Mr Wilf Jones, finance director, to £329.6m (£306.8m) and operating to 1987 per tax profits came with out any benefit from sircraft despite some disappointing sales, which had contributed routes, particularly to Belfast. 12.29m to the previous year's Dan-Air is bidding for some B-Cal profits of £5.69m.

Toutes following the latter's Africa to 2.20m (£1.94m).

After two 2.20m (£1.94m).

The market left the shares

unchanged at 727p and did not follow through the raily in the price which has been taking place for the last four weeks.

that rates would pick up prevailing in 1987, it would be a Dan-Smedvig, oil drilling and challenge to achieve a similar

follows the acquisition shortly before the end of the last finan-cial year of General Funds Invest-

That transaction, a disguised

The share of income from Rose-

rights issue, raised 236m in cash for Rosehangh.

Parkway in three deals worth £8.6m

By Andrew Hill

Parkway Group, expanding press production services company, has announced a further three acquisitions in the US and UK, for a total of about \$8.6m. All the of not paying an interim divideals are for a combination of dend.

cash and shares. GCW Colourprint, a printer of brochures and promotional material based in north-west London, is being acquired for £3.45m.

GCW made about £316,000

before tax in the year to September 30 on turnover of £2.28m.

place for the last four weeks.

Analysis noted that the last bangh's related companies rose bangh's related companies rose to £2.78m from £2.05m. The tive. There is much greater interest in the movement of the net undertaken by a host of associated of the financial year.

Pre-tax profits for the six months to last December were \$1.82m, compared with \$5.02m in the Broadeste office developments. the same period of 1986. Earnings at Liverpool Street station, in the per share were 14.82p against city of London, done through the 8.14p at the end of the 1986-87 associate, Rosehaugh Stanhope worth \$5.5m (22.92m).
Newell made \$161,000 on turnover of \$9.51m in 1987. Parkway already has a colour laboratory, 8.14p at ColorHouse, in Los Angeles and first half. expects some economies of scale between the two labs.

The third acquisition is TRE

The third acquisition is TRP Slavin, a New York-based laboratory specialising in colour retouching and photocomposition, for \$4.25m.

TRP — which will move to the same premises as Parkway's K+L colour laboratory in New York — returned pre-tax profits of \$423,000 on turnover of \$1.96m in the year to June 30.

in the year to June 30.

In February Parkway announced a package of acquisitions worth about £8.55m, financed mainly by a £6.5m rights issue.

Caracao Depositary Receipts

PIONEER ELECTRONIC

CORPORATION

With reference to the advertisement published on 18th December 1987, in respect of the 10% fees share distribution, the undersigned in its caracity of agent of Carlibbean Depositary Company N.V., sumonness that the shares underlying the not yet presented overpons Nr. 28 have been sold.

The proceeds will be payable at the office of the undersigned as from 4th May, 1988, to the effect that against severador of coupon Nr. 22 of

CDR's evidencing 5 Depositury Shares S

associate, Rosehaugh Stanhope Developments. Jones Group improvement

Interest received assists

Rosehaugh up to £9.8m

Rosebaugh, the property development and asset group, yesterday announced its expected increase receivable, net of interest payin half-yearly pre-tax profits, able, to £44m from £2.9m. This but followed its normal practice follows the acquisition shortly before the second of the sec

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Jones Group, Dublin-hased company with interests in manufacturing, shipping, distribution and engineering, lifted its pre-tax profit from 123.78m to 154.38m in 1887. Turnover expanded to 2.533m, against 257.44m.

There is no tax charge to 35.13p per 10p share advancing to 35.13p for a total of 9.5p (8.5p).

In the current year immover is forecast to show a marginal rise and profits budgeted to grow. There will be a tax charge but it should be a composite rate of (21.57m), resulting in earnings

TR Natural Resources well down

The performance of TR Natural from £4.31m of the previous 12 Resources investment Trust over months, and the group suffered a the nine months ended December loss of £297,000 (profit £2.87m) after tax. There was a loss on securitity of natural resource securities trading of £2.39m, tor investments. The directors against a profit of £278,000.

tou investments and changed its the total rate at 1.547p.

Year-end to December 31. For the Net asset value dropped to period revenue fell to £165,000, 65.5p (93.4p) per share.

report significantly reduced revenue and asset value.

Iosses per share were 0.28p (earnings 2.38p) but a final dividend of 0.672p effectively holds

BOARD MEETINGS

The following companies have notified dales of board meetings to the Stock Exchange, Such meetings are usually held for the purpose of considering dividents. Official indications are not available as to whether the cividends are interime or finels and the sub-divisions shown before Inc. Apr 22 to the sub-divisions shown before Inc. Apr 22 to the sub-divisions shown before Inc. Apr 22 to the sub-divisions are the sub-divisions shown before Inc. Apr 22 to the sub-division shown before Inc. Apr 22 to the sub Hores ...

1987-A YEAR OF CHANGE

1987 saw the start of a new era for building societies with the introduction of the Building Societies Act 1980 on 1st 1 of this legislation, building societies now have additional powers to enable them to operate in the wider financial arena and move towards providing one stop family finance centres.

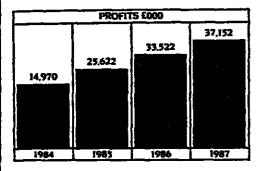
In this new and rapidly changing financial environment Bradford & Bingley's aim will be to provide its traditional services, funded primarily by retail savings and with specialised mortgage services for home buyers. We will also extend those services into new areas where we feel these will be of benefit to our members.



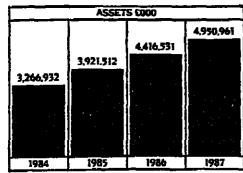
Robert T. Gardner, CBE, FCBSI, CBIM. Chairman of Bradford & Bingley Building Society

PERFORMANCE

The major achievement in 1987 was the record level of profits after tax of £37.2m. This was more than £3m up on the previous year and double the 1984 level. If a building society is to continue to develop and provide new services to its members, it must generate profits. The result of our activity in this area in 1987 was to raise our reserves to £223.1m, which at 4.5% of our assets is the highest ratio for 20 years.



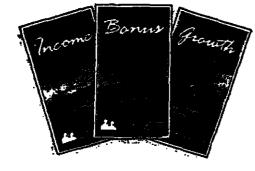
Assets grew by £534m to £4.951m, an increase of 12.1%. Liquid assets increased to £998.3m, representing 20.16% of assets. These funds will ensure that the Society is very well placed to increase our lending in 1988.



NEW PRODUCTS

January saw the launch of our Market-Master Personal Equity Plan. We were the first building society to launch such a plan and we are still the only society marketing our own plan.

This has proved to be a major success and by the end of the year the Society had over £27m of funds under management.



February saw the launch of Maximiser, a range of high interest investment accounts designed to provide a choice of immediate access with bonuses for two withdrawals or less, capital growth or regular income, according to the member's requirements. The three accounts currently in the range have all proved extremely popular.

HOME LOANS

The Society lent a record £1.110M, an increase of £236M over 1986. The number of advances and loans increased by 23% to 42,300. We believe that house purchasers prefer to deal direct with the lender in what is generally their most important financial transaction of a lifetime.

HOME IMPROVEMENTS

The Society has for many years encouraged home improvement loans, last year £105M was lent for this purpose. These both help maintain the quality of the housing stock and enable people who cannot afford a modernised property to get on the first rung of the owner occupier ladder. The removal of tax relief on home improvement loans in the Budget is short sighted and the strongest representations are being made to change this decision.

THE FUTURE

1988 will bring into operation the Financial Services Act which will provide further protection for investors. We have opted to be an "independent intermediary" under the Act providing best advice for our members which we have done for many years. This philosophy is backed by a comprehensive staff training programme.

The Society warmly welcomes the changes in the provision of pensions which start in 1988. We will be ready to offer a range of personal pensions to our customers from July and are confident that these will be well received.

We will also extend the range of our insurance services where our research identifies that there is a demand from customers.



BRADFORD & BINGLEY Our plans are built around yours

BRADFORD & BINGLEY BUILDING SOCIETY, CHIEF OFFICE: BINGLEY, WEST YORKSHIRE, BD16 2LW

A Member of the Building Societies Association

Amsterdam, 25th April 1988. Pierson, Heldring & Pierson

CDR's evidencing 10 Depositary Sharet 5 245.20 and CDR's evidencing 100 Depositary Shares S 2,452-is paid.

Mow Advi

mancial

Mr Remo Dipre, chairman, who

Better margins behind Hawthorn Leslie advance

Hawthorn Leslie, the industrial grammes in the industrial and holding group quoted on the public sectors also boosted sales Unlisted Securities Market, in the core business. increased profits by some 60 per cent to £1.68m pre-tax for the six months ended February 28.

Turnover and margins grew in all divisions and the group, which has interests in electrical distribution, packaging, elec-tronic goods and educational games, is currently negotiating

Group turnover advanced by over 28 per cent to £26.9m (£21m). Sales growth was helped by the opening of four new branches in the electrical distribution division. The general buoyancy of the construction industry and

The group was formed in February 1987 when Adam Leisure, a loss-making alectronic games company, reversed into Haw-thorn Leshe. Adam now contrib-utes about 25 per cent of the

utes about 25 per cent of the group's profits and tarnover.

Hawthorn said Adam was establishing market positions through its distribution of electronic learning sids and babycare products, while keland Electronics, the manufacturing division, continued to improve its performance.

Electrical distribution accounts for about half of Hawthorn's the construction industry and business. Packaging contributes continuing refurbishment pro-

Ogilvy sells all but token stake in **Davidson Pearce**

BY CLAY HARRIS

engineered last year's reverse takeover, said yesterday that the group had recently started dis-cussions which might lead to one Or more nurchases being made in its 48 per cent stake in the UK advertising agency and market-ing services company. the near future. He did not rule out the possibility of diversifica-

The holding was bought by Bishopsgate Investment Trust, a subsidiary of Maxwell Communi-At the time of the takeover he announced he intended to build cation Corporation.

Managers with the remaining Ogilvy said it had reduced its nearly 40 per cent by other instithe group into a broadly based holding company.

Earnings per share rose from

holding to a token level because it could not consolidate the 0.63p to 0.8p in the six month period and the group declared an interim dividend of 0.2p (nil). related earnings. However, The results included contributions from minor acquisitions of Bishop Industrial, which was work for much of its overseas

management and staff bought 60 tion and marketing services sub-per cent of the shares. The sidiary, to create the country's Ogilvy stake fell to 23 per cent largest group in this field.

Ogilvy Group, former US parent when the agency was floated in of the Davidson Pearce Group, 1985 and has been further diluted has sold all but 10,000 shares of by subsequent share issues.

Davidson Pearce took pains advertising agency and market yesterday to emphasise that 46.3 per cent of its shares were held by directors and staff, their fami-lies and related trusts, 9 per cent

tutions and private investors.

Davidson Pearce also announced the purchase of Contract Personnel, a Dublin-base Davidson Pearce would continue tract Personnel, a Dublin-based to use Ogilvy's international net-field marketing company, for

by Scottish Amicable Investment

1£200,000 (£170,000) in cash.

The business will be merger Founded in 1970, Davidson with the existing Irish operation Pearce was a wholly owned sub-sidiary of Ogilvy until 1983, when Davidson Pearce's sales promo-

Securities Trust of Scotland assets fall

rom from 5p to 3.5p. Net asset a distributor of tools for the electronic and high technology recent and high technology industries. Cobbies will singular tool division.

1. A distributor of tools for the electronic and high technology industries. Cobbies will form pert of Young's tool division.

1. Initial consideration will be 2978,256 to be satisfied by the singular of 846 975 ordinary shares.

H. Young expands tool division

In the year ended March 31 1988 H. Young Holdings, distribution Securities Trust of Scotland and financial services group, har 16 ted net revenue by £1m to acquired Cobbies, which trades 26.06m, and is raising the divi-dend from 3p to 3.6p. Net asset a distributor of tools for the elec-

Earnings for the year came to 3.72p (3.09p), and the final dividend is 2.4p. After prior charges at par, net asset value stood at 118.5p (131.5p).

IMRO Members: A-Day

RULE CHANGES AND DEFERRALS

The Securities and Investments Board ('SIB') has recently published proposals for changes and deferrals of the SIB Rules. The period for consultation on these proposals has only just ended. New arrangements must be in force on 29 April ('A-Day'). IMRO Members need to know where they stand.

- DEFERRED APPLICATION OF RULES: IMRO will broadly match all transitional arrangements in the SIB rules - see SIB's Consultative Documents - with the exception of Chapter V of the IMRO Rules.
- AMENDMENTS TO RULES: Changes to be made by SIB in their Rules, as a result of the consultations just ended, will be reflected in the IMRO Rules where they are
- applicable to IMRO Members. COLLECTIVE INVESTMENT SCHEMES: The relevant Regulations and corresponding SIB Rules will be incorporated in the IMRO Rules and much of Chapters III and IV

disapplied. All will be deferred as under A above.

- MEMBERS SUBJECT TO S.191 OF THE ACT: A limited special regime which omits Chapters II, III and IV and most of V, and applies an appropriate version of Best Advice/Execution, will come into force (subject to A above) on A-Day.
- CORPORATE AND SOLE TRUSTEES: A new Chapter of the IMRO Rules, largely in substitution for existing Chapters II to VIII inclusive, is being developed. Its application, together with the application of any other IMRO Rules, will be

The above is an outline of the IMRO arrangements. A full text will be posted to all Members on Thursday 28 April.

Centre Point 26 April 1988

MEET SOME OF

OUR MOST VALUABLE

PROPERTIES.

deferred until 1 October.

IMRO Investment Management Regulatory Organisation Limited

Plastic Cons. profits upturn

Plastic Constructions, supplier of corrosion-resistant plastic materials and equipment, saw taxable profits more than double for the period from October 1 1986 to December 26 1987. The pre-tax fig-ure of £695,445 compares with the £332,610 reported for the year to end-September 1986. Plastic Constructions is now a subsidiary of Glynwed International and its year-end date has been changed to tie in with that of its parent.

Turnover moved up to £23.29m (£18.72m) and earnings per 10p share came out at 7.62p (4.44p). There was no interim dividend but the directors have proposed a final to match last year's total of

Giltvote extends its £66m offer for EPIC

BY NIKK! TAIT Giltvote, the consortium headed cover has not yet been received, by Mr Stephan Wingate, yester and that parties acting in concert by Mr Stephan Wingate, yester-day extended its £66.12m cash offer for Estates Property Invest-

ment Company to May 18. By Saturday's first closing date, Giltvote – whose offer is recommended by the EPIC board - controlled 34.5 per cent of its target's shares. Giltvote had attracted acceptances in respect of 16.3 per cent of EPIC's equity, and purchased - either before or

during the offer period - 18.2 per

with Giltvote own another 0.2 per

merger accounted, and its subsidiary Shakeshaft.

However, 33 per cent of EPIC is held by Giltvote's rival in the long tussie - Peachey Property - which has said that it is willing to remain a significant minority shareholder if necessary. The Peachey offer worth \$63 an has Peachey offer, worth £63.4m, has already been declared final and reaches its next close today. A further 5.2 per cent stake is held by small property company, UK

In addition, Giltvote says it has EPIC shares were steady yes-bought a further 1.1 per cent of terday at 271p - 1p above the EPIC shares for which valid value of the Giltvote cash offer.

CONTRACTS

Lelliott wins £16m orders

won contracts worth £16m. John Lelliott (Contracts) has been awarded a total of nine contracts worth almost £6m. Following completion of the Kensington High Street store, the company has been awarded a further £1.3m contract for fitting out 13,000 sq ft at 187 Oxford Street, London

Further work for Dares Estates at Chelsea Cloisters on the first, second and third floors accounts for £1.3m and a further phase of work for the Kensington Hilton. where 200 guest rooms are to be refurbished, accounts for ting out contract for Littlewood's £600,000. A fitting out contract store in Ipswich is worth for Scottish Provident at Fleming House. Hogarth roundabout. Two contracts have been converting work at 4142 Provident at Fleming House. conversion work at 41/43 Brook ment. Having successfully comstreet in London's West End, pleted a contract in Artillery Row and external repairs are being carried out for Chancecroft, 25 Racquets Club, will produce a leihas been awarded two further Kensington High Street, a retail

JOHN LELLIOTT GROUP has Trust is worth 2430,000. A second block, the total value of the confitting out at the Fidelity Bank in tract being 13m. A second con-Bishopsgate accounts for £90,000 tract valued at £1.3m involves while enabling works for Thornfield Securities at 19/28 Belgrave Square is worth £50,000.

John Lelliott Eastern is responsible for £2.5m with a contract London BCL from Manufacturers Hanover John Lelliott Specialised Works refurbishment of 250 houses in Cambridge for the US Air Force. A further fitting out contract for Texas Homecare in Tonbridge, Kent, is worth £450,000 and a fit-

and a gymnasium.

The next phase of work to be carried out at Academy House in Sackville Street for Randsworth

construction of a six-storey office block plus a basement to be fitted out as a wine bar and restaurant at 109/113 Charterhouse Street,

Trust accounting for £1m. A division accounts for £3.5m, with design and build contract worth, contracts which include a fitting 2800,000 has been awarded for the out at 2/8 Orange Street for Claythorne Properties worth fillm.
Other projects include work on
the new departure lounge for
British Airways Club World and Club Europe passengers at Ter-minal 4, Heathrow; work on St George's Hospital in Tooting for Wandsworth Health Authority; upgrading and conversion of a listed building in West London;

IN BRIEF....

CIL SYSTEMS has won a £1.6m tingham Hospital in Preston and on a £2.2m design and manage Lewis's department store at Han-ley, Staffordshire. The project involves a refit of the 100,000 sq ft store, itself being redeveloped as part of Capital & Counties new Potteries Shopping Centre in Hanley. Completion of the project is scheduled for June.

Young, has won contracts worth 10m. In London, public sector projects, worth £5.5m, include work in Westminster for Mem-bers of Parliament and a Magistrates Court in Brent. Further north, the company has \$2.4m worth of contracts, including work at the Schofields Centre in Leeds, the Metrodome Leisure Centre in Barnsley, the Whit-

mpail.

ogy in Solihull

WATES INTEGRA has been awarded a £2.4m design and construct contract by Capital & Counties for a concrete-framed, air-conditioned office building on baseum figures at Garlick Hill, London; EC4. The 26,400 sq ft building will be erected behind a re-instance ring and Young Austen & Combat released Towns has a second stated stone and brick facada Towns has a second stated stone and brick facada Towns has a second sec sub-structure is to be accousti-cally insulated. Construction is scheduled for completion in June

TAYLOR WOODROW CON-STRUCTION (MIDLANDS), has awarded an £825,000 contract by

design and build contract for a the first City College of Technol-ment contract for British Gyp

sum to upgrade a public road and build an access road at a factory site in Paudy Lane, Barrow-ur on-Soar, Leics. Work is schedule for completion in six months The other contract, valued at £1.4m, is for Lewis's and calls for alterations to the company's department store in Stafford Street, Stoke-on-Trent, to form a ground floor shopping mall.
Work has started, for completion
in September. The project
involves reconstruction of a
ground floor facade, internal finishes and mechanical and electriishes and mechanical and electri-

CHARLES BRAND, Belfast-base been awarded two contracts for the Isle of Anglesey Boroug projects worth a total of £3.6m. Council, for the redevelopment of The company has started work the Old Harbour, Holyhead.

As you can imagine, we've a formidable body of knowledge in Jones Lang Wootton.

And much of it's housed in some rather formidable minds.

The fact is, we can put at your service some of the finest brains in commercial property.

Yet it's not what we know individually that gives us our edge.

It's the pooling of this knowledge, and the perspective this gives.

And we can draw on a big pool.

We've around 2500 people, in forty-five

offices in sixteen countries.

They're our strength. They're highly trained and they're highly approachable.

Call us on 01-493 6040 if you would like to talk.

Put simply, we know our business, all over the world.

Whatever you need, you couldn't be in safer hands.

And please don't think we shy away from small jobs.

> Small we're not, but professional we are. And we're not a bit shy about that.

fellow Advertiser Newspaper Group Ltd.

Publishers & Distributors of Free Newspapers, Magazines, and Promotional Material and Printers.

Financial Highlights Six months

Ended Increase Ended 31.12.87 31.12.86 £0003 £'000s 14,096 +29% Group Turnover 18,133 +69% 2,260 1,338 Profit before tax

The half year saw continued volume and revenue growth for the Group with substantial improvements in profitability of the publishing operations.

The Group continued to expand its publishing base in July 1987 purchasing the balance of shares outstanding in Comet Newspapers Ltd. and launching new editions, thus increasing the circulation of the free newspapers

published by the Group to over 2.2

milion copies per week Printing operations progressed satisfactorily during the year and a new press line was commissioned in October 1987. This expands the Group's capacity for contract printing and allows for the growth in pagination of the Group's own

> Ian Fletcher Chairman & Chief Executive

Yellow Advertiser Newspaper Group Ltd. Accent House, Great Oaks, Basildon, Esser SS14 1AH.

Jones Lang Wootton

A world of experience in commercial property

Scepticism hangs over oil output cut talks in Vienna

Exporting Countries will meet in through which future output levthis afternoon with a group of countries involved. nou-Opec producers in Vienna to The meeting com this atternoon while a group to non-Opec producers in Vienna to discuss a possible co-ordinated tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries a tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained oil price weakness follow-bly to more than 18m parries and tained

Non-Opec producers, including Mexico, Egypt and China are today's meeting. expected to indicate willingness Seven non-Ope expected to indicate willingness Seven non-Opec producers took to cut their output in return for an unspecified reciprocal move early last month, to discuss steps thought likely to oppose any outby Opec producers. However, oil analysts remain

sceptical the meeting, to be fol- today's expanded Open meeting lowed on Thursday by a full Opec when the Opec price committee meeting, will result in any immemet earlier this month.

since recovered in anticipation of

to revive sagging oil revenues. They were later invited to attend

THE Organisation of Petroleum establishment of a mechanism Vienna. It is sending an observe Firm action to cut output is formal session for the first time els could be adjusted among not expected, in part because demand for Opec oil is expected

put cuts.

b/d, with most countries produc-

The possibility of a cut see more remote when Mr Hossein Kazempour Ardibelli, Iran's dep uty oil minister, said last week Colombia, which joined in the that a cut in output levels was They say the meeting's most London meeting, declined an not needed currently. Iran is usus significant outcome could be the invitation to today's meeting in ally seen as a hawk on oil prices.

Appeal to Malaysia on cocoa

AN international Cocoa Organi- ICCO council chairman, Mr Peter could limit output when it has sation delegation arrived in Baron, spokesman for consumer Kuala Lumpur yesterday at the countries, and Mr Moma start of a mission to persuade Mohammed, spokesman for producing countries. The four will

them." said Mr Edouard Kouame, to Indonesia next week.

ICCO executive director and leader of the delegation before travelling to Indonesia next week.

Malaysia. now the management of the delegation before travelling to Indonesia next week. leader of the delegation before fourth-largest cocoa producer, leaving London. "They are very has consistently refused to join big producers now and it is the 1986 cocoa agreement which important that they are in the came into force in January last

continues to grow steadily, with

special reasons for strong gains in China and the Soviet Union,

The London broker says it is difficult to avoid the possibility

that world stocks may fall yet

Chinese buying in the past month underpinned the market

greement." year. The agreement has had lit-The delegation comprises Mr tle success defending prices. Malaysia fears membership er-stock purchases.

Coffee export quotas will be auctioned

in effort to reform recording of stocks

THE BRAZILIAN Coffee Institute Without quotas, companies quality beans would remain (IBC) has begun to revamp its cannot sell to countries belong- tight.

auctions to distribute quotas than those on the free market, among export houses.

Mr Jaime Miranda, National system by September 30.

tributes export quotas to compa-nies based on their previous increase because of the declining when some export houses were export performance and their cof-importance of stocks in winning found to have inflated figures for

fee stocks. Only 10 per cent of export quotas.

their stocks beyond their actual quotas are auctioned at the He said world prices should not holdings. That enabled them to

World sugar stocks 'likely to fall again'

frozen for the past 25 years, has been taking more sugar off the

101.10 98.40 101.00 103.00

Turnover Wheat 195 (365) . Barley 125 (27)

May Sep Nov Jen Mar May

+025 +025

be affected because the supply of increase their export quotas.

coffee-export mechanism. The ing to the International Coffee

institute has announced it will Organisation. Countries in the gradually extend use of public organisation usually pay more

At present, the institute dis- Coffee Council president, said he

scope for expansion, even though the world market faces heavy over-supply.

Malaysia last month said cocca

output last year rose by 40 per cent, to 182,000 tonnes, compared with 130,000 tonnes in 1986. Cocoa prices are at five-year lows of about £900 a tonne on the London Futures and Options Exchange (Fox) even though ICCO has taken 250,000 tonnes of the market. That is the mos

The IBC said the auctions

would be introduced gradually

their stocks beyond their actual

In addition to the new nation

allowed under its rules for buff

under the same agreements is

This, taken together with the Canadian accord, threatens to leave Brazil with at least

Canada to cancel at least part of its contract because of over-

grain export market. WORLD SUGAR consumption sustained a rally, says the report. alcohol following the official pol-

Brazil's cut in subsidies puts wheat deal at risk

By Ivo Dawnay In Rig de Janeiro

CANADIAN WHEAT sales to Brazil were threatened yester-day because of the Brazilian authorities' decision last week-end to cut consumer subsidies used to hold down the price of

Brazil is committed to buying at least 750,000 tonnes of Canadian wheat this year under a three-year agreement which will expire this year. However, the country could be left with a surplus of 1.5m mes. There are three main reasons for that. They are increases in Brazilian harvests, a sharp decline in domestic consumption and commitments to buy grain

from Argentina.
The Brazilian Government's subsidy cut comes in response to mounting pressure for a sharp reduction in the public sector deficit, now estimated at 7 per cent of gross domestic

Removal of the subsidy will involve a 60 per cent increase in bread prices. Local analysts fear bread sales will drop as a

Brazilian wheat consumption has fallen from a peak of about 8m tonnes in 1986 to about 6.5m tonnes today. After a second successive good har-vest, producers in Brazil itself already account for 6.2m tonnes of their country's

Argentina, reinforced by recent diplomatic moves to build closer trade links, Brazil is committed to buy 1.45m tonnes of Argentine wheat this year. The figure for next year under the come agreements is

1.5m tonnes of unwanted wheat. The average delivered price of the imported product is about \$90 (£53) a tonne, compared with the minimum guaranteed price to producers. in Brazil of \$184 a tonne. Industry commentators are convinced that Brazil will ask

supply.

The decline of Brazil as a wheat importer has added to pressure on the international

China, where prices have been icy of discouraging alcohol-cor per capita consumption is rising faster than output. and the new national pastime of home-distilling, sales of soft drinks, which also use much sugar have sales have sales. much sugar, have risen sharply. The report says it will be inter-Consumption in the Soviet esting to see how far Soviet agri-Union is also rising, mainly cultural reforms can be relied on Znc because of excessive demand, to repeat "the very good results In

New Zealand butter issue slippery

NEW ZEALAND'S Prime Minister David Lange was asked at a press conference three years ago if the US would embarrass him to try to change New Zealand's anti-nu-

clear policies. He replied: "Will the United States pull the rug on New Zea-land? The answer is no. They might polish the lino a bit harder and hope that I execute a rather unseemly glide across it."

His spontaneous quip was used in the title of a book of sardonic one-liners for which he is renowned. It comes to mind with his arrival in Europe this week on a visit likely to be dominated by the slippery, politically sensi-tive issue of New Zealand butter. As Mr Lange well knows, and indeed as his travelling-compan-ion, the Minister of Overseas Trade and Marketing, Mr Mike Moore, admitted publicly on an earlier trip, pressure is mounting from powerful farm lobbies in the

The lobbies want a substantial cut and ultimately a complete phasing out of quota arrange-ments which have given New Zealand's dairy-farmers guaran-teed access to the UK market since Britain joined the EC in

Nothing has been said openly. However, rumours are circulating in Brussels and the European Commission could be egged on by Copa, the leading European farm body, and other interested par-ties, like Britain's Milk Marketing Board.

If the rumours are confirmed the European Commission is set to propose that this year's 74,500-tonne figure is substantially cut

impose quotas on its apple

under article 23(1), that it believes the EC has impaired the

Gatt arrangements for seasonal

tariffs on imported apples from the Southern Hemisphere.

These in effect enable New Zea-land farmers to sell apples in

exports to Europe.

Prime Minister David Lange visits Europe this week. Tim Dickson sets the scene

that the EC is not seriously interested in taking steps to liberalise The sharp rise in New Zeathe world's agricultural trading land's share of British imports is "a flagrant breach of the principles of the pri

commodity prices, an overvalued the market, have cost the Euro-exchange rate and high domestic pean taxpayer Ecul.6bn in stor-interest rates. • The consequences of the past 15 years.

was swept to power in 1984. Europe remains, in spite of efforts to diversify its agricultural markets and improve farm efficiency in recent years, the higgest single outlet for New Zea-land's products.

Butter sales to Britain are par-ticularly profitable. The New Zealand Dairy Board has to pay an import levy equivalent to 25 per cent of the guaranteed European price but its returns are far ahead of the still-depressed world prices on which New Zealand depends for the rest of its butter

Wellington acts on apple curbs

NEW ZRALAND's Government is understood to have started legal However, Brussels, after a EC quota system has been barred action against the EC after last sharp rise in EC stocks and a from further apple imports this week's decision in Brussels to softening of prices, has fixed a year.

softening of prices, has fixed a 115,000-tonne limit for the 1988

quota could devastate its apple-growing industry, says this will

cost farmers NZ\$40m.

The board has also openly crit-

roorts to Europe.

Wellington has notified Gatt, and article 23(1), that it elieves the EC has impaired the att arrangements for seasonal Pear Board, which fears the

May Jul Sep Dec Jen May Jul

131

105

• Greeted with howls of protest the New Zealand butter quota since 1978, New Zealand's share in Wellington. since 1978, New Zealand's share

• Interpreted as a clear betrayal of the UK packet market has of New Zealand's interests by the actually risen, from 33 per cent to Sper cent last year, thanks to the sharp fall in UK butter con-

New Zealand's concern is ple of Community preference."

understandable. Its farmers are The special import arrangesuffering from:

A combination of low world lent tonnage of EC butter from

Lange Government's bold but a However, Brussels's strongest painful decision to strip away almost all farm subsidies when it sures which the EC has taken since 1984 to cut dairy output and which between them represent the most effective example of Common Agricultural Policy

reform so far.

The imposition of milk quotas and the extra 10 per cent cuts in output agreed in December 1986 have not only reduced EC intervention purchases to a trickle but have resulted in genuine suffer-ing for many of the EC's smaller and less efficient dairy-producers. The New Zealand Government, while sympathetic, is not impressed. As Mr Lange will probably point out to Mrs Margaret Thatcher in London and to Mr Jacques Delors, the Commis-

The Europeans also have strong arguments. Copa recently said: sion President, and Mr Frans

Notwithstanding a halving of Andriessen, the EC Commis-

sioner for Agriculture:

• Butter sales to Britain represent a vital economic lifeline for New Zealand farmers.

• Loss of all or part of this trade would weaken New Zealand's capacity to ensure stability and security in the South Pacific. • While, most difficult of all for New Zealanders to comprehend, UK users would be denied the chance to buy a cheaper, unsubsidised alternative to the home-

produced variety.

Meanwhile the New Zealand Dairy Board disputes the idea that Anchor butter is squeezing out British milk. The board, citing its extensive promotion of the product, suggests the common enemy is margarine and spreads. Perhaps New Zealand's bitterest complaint is that the EC's heavily subsidised exports to destinations like the Soviet Union market and frustrated attempts to find new outlets for its dairy-

products. However, Mr Lange, if not yet gliding on the lino, none the less has his back to the wall. Farm leaders in Europe feel that through milk quotas they rising dairy output there this year as evidence New Zealand must take its share of "responsi-

"That "dig" is somewhat unfair: New Zealand's milk output is only recovering after a particularly bad and weather-affected year previously.)
Britain's support in the Council of Ministers, meanwhile, is

sure to be tempered by the UK's: Growing EC commitment. • Acceptance that the CAP may be a necessary price to pay for the chances provided by a bigger industrial market, as the last

summit showed. Many suspect that Mrs Thatch er's obvious dislike for the New Zealand Government's ban on nuclear-ship visits could provide the perfect excuse for less-than-wholehearted support of New Zealand's butter case.

France and Ireland, two of the most vocal critics of the New Zea-land butter quota, will need no Mr Joe Pope, board chief execu-land butter tive, has talked about Chilean ill-discipline. He says: "They have Two years

Two years ago the modest cuts agreed for 1987 and this year poured in fruit with immature agreed for 1987 and this year fruit landing in hig quantities. would have been much deeper on They are trying to beat the system insistence of the Paris Goveriment, had not the Rainbow Warrior affair suddenly and dramatically changed the balance of advantage in the talks.

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REPERTY :

Corn trading floor opens after move to new exchange BY DAVID BLACKWELL

THE Corn Exchange, at Mark
Lane in the City of London since
tutures markets trade.

Corn traders, who meet every
Monday, hope the move will revitalise the market. "It is ideal to .The move had brought all Lon-

1746, was confirmed yesterday in 1746, was confirmed yes in 1746,

Exchange chairman, said economic pressures and redevelopment of the Mark Lane site had forced the move. The exchange that whether the moves the move that the control of the move that the control of the move that the move that

tem". Limits have also been placed

on Argentina, Australia and South Africa.

							··.				WO	RLD C	оммо	DITIES PI	RICI	ES		
LONDON MA	ARKET	rs	COCOA	Ertonne			LONDO	I FETA	L EXCHA	MOK		(Prices supplied by Amalgamated Metal Trading)				MA	RKE	rs
				Citise	Previous	High/Low ·		Cice	•	Previous	High/Low	V AM Offi	cial Kerb clas	e Open Interest				
NICKEL PRICES rose a yesterday, with cash m			May	894	878	865 885	Aluminiu	m, 98.75	6 purity (S	per tonne)			Ring	turnover 1,000 tonne			metals m ombinatio	
lightness of nearby sup	oplies and s	surging	Jiy Sep	915 932	896 915	916 906 930 920	Cash	2340		2400-20		2360-50		4004			ion house	
by \$2,450 a tonne to cit			Dec	952 974	935 958	953 942 973 957	3 months			2165-85		2130-50	2110-30	4,824 lots			n, prices	
tonne, or \$9.48 a lb. fol total increase of \$1,050		MOGY S	Mar May	994	976	982 967	Cash	1247	brings (S	1271-3	1255	1253-6	Hang	turnover 30,275 torme			jed promp on which i	
Three-month metal was	s restrained		لبل	1011	994	1010 1003	3 months			1136-7	1140/112		.5 1120-7	50,094 lots	atops	as the r	markets p	enetra
inquidation and resistation that level, leaving the			ECCO ene	hcator ork	34) lots of ces (SDRs)	per tonne). Daily price		A eterno	(£ per ton	ne)			Ring	turnover 35,700 tonne			, reports per was c	
metal at \$5.500 a tonne			for April	25 1197 1189.61	88 (120 8. 02	.10 day average for	Cash	1145		1167-8	1172/117		4	50 ccc (iouse sell	
\$3,550 on Friday. Trade			три са	1108-91	(1144-24)		3 menths			1108-7	1114/107	1106-7	1079-80	70,593 lots			short-cove	
price was lifted by sho "borrowing" - buying o			COFFEE	C'toone			Cesh	1005	(E per tor	1125-35		1120-30	'	ling turnover 0 tonne			s held bau in quiet in	
forward Zinc also clos				Ckise	Previous	High/Low	3 months			1070-80	_	1070-80		13 lots			ıgar railie	
on currency factors, an			May	1009	1063	1089 1060	Silver (U	S cents/	line cunce	,				Ring turnover 0 czs			on house	
unaffected by Metalges producers raising list a			Jiy	1107	1130	1107 1101	Cash	637-		639-41		637-9					ing. Coffee ding while	
tonne. Meanwhile the I	Biffex dry fr	eight	Sep Nov	1127 1147	1119 1140	1126 1123 1147 1143	3 months			650-2		649-51	648-63	666 lots	techn	ical shor	rt-covering	g. Pub
lutures market rose sh	arply - the	yluly	Jan Mar	7186 1187	1163 1183	1169 1164 1185 1183	Lend (E)						Hang Hang	turnover 5,250 tonne			eed repor	
position adding 41 poir spite of a further fall in	its to 1,240 the Bainc	- in	May	1207	1203	1200	Çash 3 month	343-5 328-5		340-2 327-7.5	346 329/327	345-4 327-8	328-8	10,588 lots			or the near	
Index on which it is ba	sed. Dealer	3			51) lots of :		Nickel (3	per tons	10)	_			Ring	furnaver 1,440 tonne			futures fi	
attributed the turnroun		overing				s per pound) for April (116.77); 15 day aver-	Cash		0-1000	18300-600	20500/200						line with	
which triggered buy st	ops.			78 (116.76			3 month		0-450	14600-15000	15000/14	15500-60		7,200 lots			narginaliy Iraina mar	
SPOT MARKETS							Zinc (£ p					=======	FRIPE	turnover 8.225 tonne	auppo	rt from i	ess-than-	expect
Creds oil (per barrel FOB)		+ 07 -	SUGAR	S per torr			Gash 3 month	591-3 579.5	3 5-80	563-4 572.5-3	580.5 580/575	590-0.6 578-9	577-8	17,549 lots			sed in res	
Duber Brent Bland	\$15 65-5 751 \$17 05-7 15w		Rane	Close	Provious	High/Low											o wheat.	// CHELL S
W71(1 pm est)	\$18 35-8 401		May	202.20 201 80	196 00 197 80	202 40 198 00 201,60 197,60	POTATO	ES E/Nom	ne -			LONDON TO	ILION MARKET					
Qii producte (NWE prompt d	elivery per to		Oct	203.20	198.00	203 40 197.40		Close	Previou	s. High/Low		Gold (filme cz.)		tnelsvlupa 2	Ne	w Yo	ek 💮	
Premium Gasoline	\$189-192	+ or -	Eec Mar	193 00 193 00	196.00 197 80	197.40 199 DO 196 60	May	83.0	80.50	82.0 79.0	3	Close Opening	448 %-449 % 448 %-449 %	239 ¼ -240 ¼ 238 ¼ -239 ¼	GOLD 1	OC trow oz	; \$/tray coz.	
Cas Oil (Soviet)	\$156-156	-1	May	203 90	198.00	201.00 199.00	Nov Feb	86.0 98.0	85 50 95 00			Marning fix	448.75	238.797		Close	Previous	High
Hesvy Fuel Cil Nachtha	\$87-89 \$161-164	+1 +25	W/h/h	Close	Previous	High/Low	Apr May	127.5 135.0	124.40 134.00	127.5 122.1 134.0 130.0		Attenuen fix Day's high	450.20 450%-450%	239.761	Apr	448.9	450.9	451.0
Pairoleum Argus Estunales			Aug	242 00	239 00	242 50 238 50				100 tonnes.		Day's low	4481-44914		مبط	450.1	452.4	453.2
Other		+ 07 -	Oct	239 00	238 50	239 90 237.00	SOYASE			40 10111100					Apg Oct	454,6 459,3	455.9 461.6	457.5 452.5
Gold (per troy ozi-	\$449 50 643c	+0.25	Dec Mar	238.00 244.00	238.50 242 00	238.00 244.00 241.50		Close	Previou	s High/Low		Coine	\$ price	£ aquivalent	Dec Feb	464.1	488.4 471.2	467,0
Platinum (per tray cz)	\$518 4	+34			83 (3329) ^{LOI}	a of 50 tonnes, White	Jun	124.60	123.00	124 50 124	5 0	US Engle Mapleleaf	462-467 482-487	245 1 ₂ -248 1 ₂ 245 1 ₂ -248 1 ₂	Apr	473.9	476.2	476.5
Patiedium (per trey of)	\$122.25	+ 0 50	762 (504 Parus V		per tormet	Aug 1368. Oct 1355.	Aug Oct	123 50 124 50	122.50 123.70	122.50 124.00		Britannia	462-467	24812-24912	Jun Aug	479.1 484.6	481,4 485.9	Ö
Aluminum (free market) Copper (US Producer)	\$2370 100 kg - 103c	-30				5, Aug 1385	Dec	127.50	126.50	125.60		Krugerrand 1/2 Krug	449-452 234-243	239 12-241 12 123 13-128 13		UM 50 tro	oz, S/troy	<u></u> _
Lead (US Produce:) Nichel (free market)	35 5c 900c	+ 20					Turnover	: 156 (38	j loss of 1	00 tonnes.		1/4 Krug Angel	115-123 461-465	60 % 65 lg 244 lg -246 lg		Close	Previous	High
Tin (European free market)	C3648	+5	GAS OIL	вппсР2.								1/10 Angel	46-51	2434-27	Apr	515.9	518.8	523.0
Tm (Kusia Lumpur market) Tm (New York)	17 354 319 Oc	-05		Close	Previous	High/Low	FREGKT		\$ \$10/hde			New Sev. Old Sev.	105% -106% 105% -107%	56 4·57 56 4·57 4	Jul Oct	518.4 524.4	621.8 627.8	524.0 529.0
Zinc (Euro. Pred Price) Zinc (US Prime Western)	\$1015 51%c	+ 12	Jun Jun	152 25 148 25	152.50 148 75	152.50 151.00 148.50 147.00		Close	Previous			Noble Plat	530 7-636 7	282 4 -286	Jen -	530.9	\$34.3	636,0
Cattle (live weight)	110 150	-0.61.	Jul DuA	147.25 147.75	147 50 148 00	147.25 146.25 147.75 147.25	Apr Jly	1377.5 1240.0	1375.0 1199.0	1390.0 137 1255 0 117					Apr Jul	537.9 544.9	541.3 548.3	550,0
Sheep (dead weight)?	203 47p	+ 0.76	Sep	149 00	149.25	148.50	Oct	1244.0	1255.0	1344 0 127					\$1LYER	5,000 troy	oz, cents/tr	oy oc.
Pigs (live weight)	63.360	+ 6 23*	<u>oa</u>	151 DD	150 50		Jen SFI	1340.9 1402.5	1310.0 1415.5	1340.0 130	20	Silver fix	priine cz	US cts equiv		Close	Previous	Мов
London deily sugar (raw) London deily sugar (white)	\$233 Ga	+68 +50	Turnove	r 2551 (26	(25) iots of	100 tonnes						Spot	340.85	641.00	Apr	635.5	640.5	0
Tate and Lyle export price	230 5	+45	_				Turnovor	700 (11	76)			3 Months	347.80	652.40	May	636.5 641.0	641.5 848.0	844.0
Barley (English feed)	£107 Sw		GRAINS	[/lgnne			·					6 months 12 months	355.25 370.55	654.60 689.75	400 401	845.4	650.4	653.0
Maizo (US No 3 yellow) Wheat (US Gark Northern)	£137 Cu £93.75w		Wheel	Close	Previous	High/Low	TEA					IE NAMIUM	316.33	002.13	Sep	653.6 655.8	655.6. 671.8	661.0 674.0
Rubber (sport)	66.25p	+0.50	May	101 90	101 80	102 10 101 60				pes on offer in : 10 packages in					Dec.	670.6	675.8	0
Rubber (June) 🖤	70 25p	+0.50	Jiy Sep	104 95 101 20	104 60 101 50	105.20 104.40 101.20	offelig	e section	, reports t	he Tea Broker		I Step on an			Mar May	689.5	665.0 694.5	662.5 897.0
Rubber (July) ♥ Rubber (KL RSS No 1 Mar)	70 50p 31 mm	-15	Nov	103.20	103 45	103.20	Compe	iidon wi	s tasiniy c day wax 10	es demand concentrated or	the I			TRADED OPTIONS	-kd	698.5	704.8	0
Coconut or (Philippines)	\$5200	+5	Jen Mar	105.90 107.60	106.05 108.00	106 00 105.90 107 80	brighte	st lees a	veliable w	high remained	firm.	Aleminium (9		Calis Puis	COPPE	R 25,000 it	is; cents/fbs	
Palm Oil (Malaysian)§	\$410w	•	148/	110.05	110.20	110 05	Other n	nedium d	pushty tes:	d to close 5-5p s and plain liqu	ering (Strike price S	i tonne M	ay July May July		Close	Previous	High
Copra (Philippines) Soyabeans (U5)	\$365 E161	+2	Berley	Closo	Provious	High/Law	BOTS IC	s: 3-5p v	where sold	but there were		2150 2350	50	140	Apr	91,35	94.20	92,70
Corine "A" Index	66 15e	+025	May	101.10	101.50	101.45 100.75				Assury Caylon districts met la					May	90.85	23.60	93,10

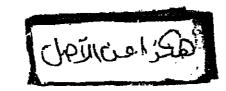
support at firm rates, others work with light liquoring and planner descriptions neglected. Offshore tess met selective den at generally lower rates with many withdrawals. Quotations: quality NO (NO):

or teas from Western districts met lair ort at firm rates, Others were 3-5p ea

2100 2300

Copper (Grade A)

HUE	-5								· · · · · ·		1			
·US	MA	RKET	' S		CHIDE		n) 42.000 US			Chi	icago	;		-
The p	recious	metals m	arket op	ened		Close	Previous			- SOYAR	EANS S.O.	00 bu miln; co	ents/800b	heishal
		ombinatio			Jen Jei	18.20 18.24	18.30	18.44 18.38	18.27		Close	Provious		
				but after a	الار الارك	15.14	18.15	16.22	18.14					
		m, prices			Sep	18.10	18.09	18.20	18.12	May Jul	659/0 669/2	663/4 672/8	686/6 675/0	858/4 888/4
		ed promp			Nov Dec	18.03 18.02	17.97 17.91	18.08 18.05	16.03 18.00	Aug	672/2	676/2	678/4	672/0
		on which t			Jan .	17.92	17.85	17.92	17.92	Sep	676/4	679/0	681/4	676/0
		narkets po , reports i			Feb	17.85	17.80	e	9.	Nov Jan	685/0 683/2	688/0 C\888	690/6 696/0	684/4 693/0
				n local and	Mer'	17.62	17.75	17.82	17.82	. War	701/0	703/4	705/0	701/0
		ouse selli			HEATEN	3 OF 42.0	000 US gelis	L cents/US	gelis	May	706/0	708/4	710/0	706/0
stops	before s	short-cove	ring par	ed losses.		Close	Previous	High/Lo	w	- Ju	706/0	709/0	711/0	708/0
		s held bar n quiet tra			May	51.05 48.90	50.60 48.90	51,15 49,25	50.70 48.70	30176	Close	0,000 lbs; co Previous		
		gar railie			اندل	48.40	48.36	48.55	48.30				High/Li	
		on house			Aug	48.75	48.71	49.00	48.65	May Jul	21.78 22.17	21.98 22.38	22.05 22.47	21.75
		ng, Coffee			Oct	50.03	49.82	50.00	49.90	Aug	22.40	22.58	22.65	22.15 22.38
				allied with	COCOA	10 tonnés	:\$/tonnes			Sep.	22,53	22.73	22.75	72.52
		t-covering				Close	Previous	High/Lo	W	- Out Dec	22.62 22.92	22.82	22.95	22.80
the ca	ttle-on-fe	eed repor	WBB CO	natrued	May	1563	1533	1565	1535	Jan	22.92	23.12 23.11	23.25 23.15	22.92 22.90
45 Ne (gative fo	the near	by cont	racts, but	74	1584	1572	1596	1563	Mar	22.85	23.12	23.18	22.85
		ng fundan			Sep	1614	1596	1615	1588	May	22.95	23.12	23.30	22.95
		futures flu			Dec	1645	1626	1648	1618	ايال	22.90	23.12	22.85	22.95
				icas, while	Mer May	1685 1710	1667 1880	1670 1700	1695 1896 .	SOYAB	EAN MEA	L 100 tons; \$	/ton	
		narginaliy			أول	1736	1715	0	0		Close	Previous	High/La	
				ived some	Sep	1760	1739	1740	1740	May	796.1	196.4	196.6	
				weekend	COFFEE	*C* 37,50	Olbe; cents	/los		Jul	195.0	195.0	196.5 198.5	196.0 194.6
		sed in res				Closes	Previous	High/La		Aug	195.5	185.5	196.9	195.3
	Chicaco	s, comme	LCHET SET	HING						Sep	198.5	196.3	197.8	196.5
4400U	CHICAGO	WINGEL			May Jul	134.81 136.25	134.94 136.58	135.40 136.95	134.55 136.15	Oct Deg	197.2 200.1	· 197.0 199.8	199.0 201.5	197.0
N	V.			-	Sep	137.50	138.15	138.25	137.50	Jan	200.5	200.5	202.0	199.8 200.5
ret	w Yo	PER			Dec	139.25	140.23	140.10	139.20	Mar	203.7	203.8	204.5	203.0
00154	~~				Mar May	140.01 141.26	141,01 141,88	140,90 0	140.01	. May	205.0	208.5	. 206.5 .	204.0
		: \$/troy coz.			Jed	142.00	143.00	ĕ	Ğ	MACE	5,000 bu m	nin; cente/58	ib bushel	
	Ciose	Previous	High/Lo		Sep	143,00	145.00	0	Ó		Close	Presious	High/Lc	w
Apr Jun	448.9 450.1	450.9 452.4	451 <u>.0</u> 453.2	449.3	EUQAR !		112,000	ibe; cents	/lbe	May	199/6	201/2	201/6	199/4
Aug	454.6	456.9	457.8	453.5		Close	Previous	High/Lo	MY .	- Jul Sep	208/0 214/2	209/0 215/4	209/6 215/6	207/6
Oct.	459.3 464.1	461.6	452.5	458.5 463.2	May	8.97	8.67	8.98	8.67	Dec	223/2	224/8	· 225/4	214/0 223/0
Dec Feb	468.9	488.4 471.2	467.0 0	463.2 6	Jul	9.04	8.61	9.05	8.82	Mar	231/2	233/0	233/2	231/0
Apr	473.9	476.2	476,5	476.2	Oct Jan	9.06 9.03	8.82 8.80	9.06	8.85 D	- May	236/4 239/0	· 237/4. 240/2	237/4	236/4
Jun .	479.1 484.6	481,4 485,9	0	0	Mar	9.05	8.82	9.07	6.88	. =			241/0	230/0
Aug				<u> </u>	May Jul	9.06 9.13	8.87 8.91	9.08	6.91	WIEA		nin; cenes/8		
LAIL	Glose	Previous	High/Lo			e. 149	271	9,13	9.02	May	Close	Previous	High/Lo	
	515.0	518.8	523.D		COTTON	50,000; 0	ents/fbs			Jul	31 1/2 320/2	315/0 328/0	316/0 325/0	311/2 319/4
Apr Jul	518.4	521.8	524.0	517.1 518.0		Close	Previous	High/Lo		Sep	327/0	330/4	831/2	327/0
Jun Oct	524,4	92 1.8 527.8	529.0	510.0 524.5	=					Dec	336/6	840/4	341/4	335/4
Jen	530.9	\$34.3	636,0	632.0	May Jul	65.00 61.65	65.13 61.80	65.00 62.00	64.50 61.20	Mar		346/0	344/0	342/6
Apr	537.9	541.3	0	9	Oct	S8.65	55.55	62.00 56.90	51.20 56.35	LIVE C	177LE 40,0	00 lbs; çent	dibs .	
<u> </u>	544.9	548.3	550,6	550.0	Dec	55.85 56.55	55.78	56.00	55.30		Close	Previous	High/La	nir
STANK.		OZ, Cents/tr			ener"	20-20	56.55	56.75	56.45	Jun	70.17	70.82	70.32	69.50
	Close	Previous	Hobico		OF LHE		.000 lbs; cs			Aug	67.32	87.52	67.52	66.55
Apr	635.5	840.5	0	0	ALTERNATION OF THE PERSON OF T			HIGH 108		Oct Dec	66.85 68.30	66.62	67.15	65.85
May	636.5	641.5	644.D	635.0		Close	Previous	High/Lo	**	Feb	67.70	67.97 67.00	68.45 67.80	67.25
lun Jul	641.0 845.4	848.0 850.4	0 653.p	0 645.0	May	169,36	169.20	169.40	168.05	Apr	88,90	68.60	68.90	66.90 68.00
389 389	653.6	658.6	661.0	653.0	Jul	164,60	184.25	164.70	163.50	Jun	68.90	66.50	65.90	68.80
gec Sec	655.5	671.8	674.0	666.5	Sep	151.66	182.00	182.10	181.35	LIVE HO	COR 20 000	lb; cents/fb		
len	670.6	675.8	0	0	Nov Jan	167.80 153.75	158.15 · 153.85	158.25 153.50	156.50					_
Mar	680.0	685.0	662.5	679.0	Mar	159,75	153.50	133.50	153. <u>50</u> 8		Close	Provious	High/Lo	rwy .
Vay	689.5 699.5	694.5 704.8	897.Q O	697. A	May	153.75	153.50	ě	ŏ	Jun	48.42	40.75	48.70	-48.10
<u>kd</u>			<u> </u>		Jul .	153,75	153.50	0	,D	Jud . Aust	49.10	49.35	49.62	48,67
OPPER	25,000 lb	s; cents/fbs			Sep	153,75	153.50	0	Ö	Aug Oct	47.22	47.90	47.80	47.20
	Close	Previous	High/Lo				·			Dec	43.10 44.40	43.45 44.60	43.57	45.00
\or	91,35	P4.20			HOICE	18				Feb	44.72	44.80	44.65 44.75	44.18 44.35
-	90.85	94.20 93.60	92,70 93,10	92.70 90.40	RELITE	is (Poso	September	18 1091 -	100	Apr	42.12	42.15	42.12	44.35 41.50
		91.75	90.10	0	1				<u> </u>	Jun	44.05	44.50	9	43.90
May	89.15		89.40	87.00	 	Apr 22	Apr 21	Hungs sõd	7 800	PORK B	ELLES 26	,000 lbs; cer	rfe/lih	
May Just	87.35	88.90			1	1748.0	1736.8	1729.1	1560.5					
May Jun Jul Sep	87.35 84.65	86.90	85,30	84,70	1									
May Jul Sep Dec	87.35 84.65 80.95	86.90 82.90	82.30	20.08	DOM: N			ar 31 1074	1004		Close	Previous	High/Lo	W
May Jun Jul Sep Des Jen	87.35 84.65 80.95 80.30	86.90 82.93 82.20	82.30 0	20.08 0		NES (Ba	se: Decemb			Jul	51,87	52.15	High/Lo 58.00	
May Jul Sep Des Jen Mer	87,35 84,65 80,95 80,30 79,00	86.90 82.90 82.20 80.90	62.30 0 60.00	90.00 0 50.00	Spot	129.16	128.82	130.28	126.61	Aug	61,87 50,85	52.15 51.25	58.00 51.90	51.60 50.50
May Jul Sep Dec Jen Mer May Jul	87.35 84.65 80.95 80.30	86.90 82.93 82.20	82.30 0	20.08 0		129.16	se: Decemb				51,97 50,85 60,47	52.15	58.00	51.60



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm as pound falls

TRADING WAS ratier dull on the foreign exchange yesterday, lacking fresh factors o move currencies.

The underlying trind was for a strengthening of the dollar and a weakening of sperling. The French franc was slittle nervous after Sunday's first round of Franch presidential election about underlying trends in the after Sunday's first round of ket is becoming more concerned French presidential election about underlying trands in the

results.

Dealers were sid to be waiting for publication today of first quarter US gross national product growth, but the result may be DM3.15 for most of the day, open to different interpretations.

Forecasts vary widely between about 1.5 p.c. and 4 p.c. Most estimates are around 2 p.c. but the higher the figure, the more the market is likely to worry about a further deterioration in the US trade deficit

The dollar rose to DM1.6775 from DM1.675; to Y124.80 from Y124.65; in SF1.3885 from Y124.65; in SF1.3885 from SF1.3825; and to FF15.6850 from LASE against the dollar in 1987/88 is 1.9305 to 1.5740. March average at 1.6766. Exchange rate index to the present the strength of the same of the sa

On Bank of England figures, the dollaris exchange rate index rose to 927 from 92.5.

Sentiment suggests 148.9 six months ago.

the dollar's exchange rate index rose to 927 from 92.5.

Sentiment surrounding sterling was very quiet in Sentiment surrounding sterling was wak. Mr Nigel Lawson, Chancellor of the Exchequer, said frac lost ground to the D-Mark at the weekend he did not want to see the pound rise further, and that he feels a further rise is desirable forms. The fresh president of the US currency appearing at levels above Y125. The dollar closed at Y125.00, compared with Y124.65 on Friday.

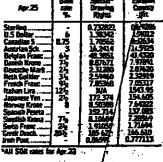
The Chancellor did not really

ket seeme	ed more will stions that	ing to list
£ IN NE	W YORK	
Apr.25	Latest	Pressus Clase
£ Spot	18750-18760 0 16-0.14pm 0.78-0.73 150-140	1.8850-1.8866 0.17-0.15ee 0.45-0.43ee 1.70-1.60ee
Formani premius	os and discounts app	ly to the 95 dollar

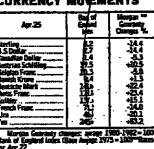
STERLING INDEX

CURRENCY RATES

M 616



CURRENCY MOVEMENTS



OTHER CURRENCIES								
April 25	£ .	<u>.</u> S						
Argentina Australia Bazzi Bazzi Fistani Gresse Hoog Kong KoreaSisto KoreaSisto Mayoria Malaysia Menco Menco Sandi A Sangapore S. Af (Cari S. Af (Cari	11.155-11.25 2490-245-290 2490-245-795-290 25045-250-1250 1250-1250-1250 4575-445-450 4575-445-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450 4575-450-450	5+00-5-900 1-900-1-175 1-900-						

MONEY MARKETS

London rates firm

exchanges.
As the pound lost ground against the D-Mark and the dollar yesterday, three-month inter-bank rose to 8%-8% p.c. from

Fading hopes of lower base rates were again illustrated by 8 per cord from April 11

the willingness of the discount houses to sell outright long dated band 4 hills to the authorities at the present official dealing rate.

The Bank of England initially after the result of the first round forecast a money market shorting age of 7700m, but revised this to self-out the first round and provided total.

The central bank allocated first category paper.

Call money rose to 74 p.c. from the French presidential elections. £750m at noon, and provided total help on the day of £750m. Before lunch the authorities

bought £172m bills outright, by way of £6m bank bills in band at 7% p.c., and £168m bank hill in band 4 at 7% p.c. In the afternoon the Bank

INTEREST RATES maintained a bank bills in band 1 at 7% p.c. firm tone on the London money market yesterday.

The March UK bank lending figures, published last week, set back earlier hopes of a cut in bank base lending rates, and sterling failed to maintain its upward momentum on the foreign exchanges.

As the pound lost ground against the D-Mark and the dol-time adding fils5m to liquidity, a tions adding £155m to liquidity, a fall in the note circulation of £50m, and bank balances above

In Paris the Bank of France left its money market interventon rate at 7% p.c., when inject-ng money at yesterday's securi-ses repurchase tender.

In Frankfurt credit conditions were tighter. Call money rose to 3.25 p.c. from 3.20 p.c. after com-mercial banks holdings at the Bundesbank fell to DM44.4bn on Thursday, from DM48.8bn on

Wednesday.

During the first 21 days of the England purchased £288m bils month banks were well at outright, through £4m Treasury the average DM53.2bn bills in band 1 at 7% p.c.; £7m requirement for April. month banks were well shead of the average DM53.2bn daily

FINANCIAL FUTURES

result of disappointment at the level of support for Mr Jacques

a shift in sentiment.

It was rumoured that one market maker in glits cut a long position on Friday. This is not yet could have an impact on US Trearegarded as a strong signal, but sury bonds, which will feed indicates growing nervousness through to glits. The D-Mark rose to FFr3.40 in Paris during the early morning, but fell back ot close at compared with FFr3.3940 on Friday. Eurofranc interest rates rose

to defend the French currency, but dealers remained unsure on how to judge the likely re-elec-tion of Mr Francois Mitterrand, as President, on an economic JAPANESE YEN - Tradin range against the dollar in 1987/ 88 is 159.45 to 121.35. March average 127.08. Exchange rate

index 245.6 against 221.0 six

Chirac, French Prime Minister, and the candidate of the right, in

months ago.

The yen continued to weaker against the dollar in Tokyo yes-terday. There was no news to move currencies, but the recent failure of the market to push the dollar lower encouraged buying.

The range for the week was expected to be Y123.50 to Y125.50,

IS EUROPEAN CURRENCY UNII KATES									
	Ecu central mates	Currency amounts against, Eco Apr.25	% change from central rate	% change adjusted for distribuse	Dhegence liest, %				
er Franc b Krone go O-Mark b Franc Gatides	42,4582 7,85212 2,0583 6,904(3 2,3194) 8,7484(1) 1483,58	43,620 7,97891 2,07620 7,05317 2,32919 0,777113 15-63,95	+2.29 +1.61 +0.85 +2.16 +0.42 +1.13 +4.07	報為 (4.25) (4.2	±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752				
as are for Era, therefore positive change denotes a weak correspond									

POLIND	SPOT. FO	RWARD A	GATNST T	ue o	MIND .	
April 25	Day's Spread	Close	One worth	N.		12
Swides Japas Austria Switzerland	18720-1890 2 2065-2 2725 1571-1534 65.5-66.65 12.06-12.114 1376-11805 207.60-205.90 2354-2344 11.59-18.714 11.614-11.06 2354-255 22.06-22.17 257-2604	1895 - 1895 2395 - 2395 1294 - 1834 1295 - 1835 1295 - 1314 2500 - 2500 2734 - 2500 2734 - 2500 11384 - 1854 11384 - 1854 11384 - 1854 11384 - 2504 254 - 2504	0.19-0.15-cm 0.07-0.18-de 12-1-cm 12-1-cm 12-1-cm 12-1-cm 0.12-0.20-de 1-5-1-cm 1-5-1-cm 1-5-1-cm 1-1-1-cm	186 498 498 1123 123 123 124 128 128 128 128 128 128 128 128 128 128	0.53-0.48µm 0.31-0.440m 46-20pm 46-20pm 21-4-10m 21-3-20m 21-3-20m 21-3-20m 21-3-20m 23-3-20m 24-2-3-20m 24-2-3-20m 44-3-3-20m	100 410 100 100 100 100 100 100 100 100
Belgian rate is 2 20-2 18mm	constille france.	Financial franc 66,0	5-66-15 . St. cont	forward d	lalter 1.14-1.09cpm	12-ma

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

April 25	Çay's	Clase	One month	12	Three months	7
	1.6720 - 1.6800 1.5715 - 1.5900 1.2705 - 1.2365 1.6740 - 1.6750 1.6740 - 1.6750 1.6715 - 1.675	1.876-1.875 1.9915-1.9925 1.2310-1.9220 1.8310-1.9220 35.05-25.15 1.444, 5.454, 1.4770-1.6390 1.4770-1.6390 1.4770-1.6390 1.264, 1.264, 6.13-6.13-6.13-6, 5.88-5.88-5, 1.267-1.268, 1.267-1.268, 1.267-1.268, 1.267-1.268,	0.18-0.15:pu 0.10-0.20:dis 0.16-0.19:dis 0.47-0.45:pu 0.85-1.5:pu 0.85-1.5:pu 27-33:dis 27-34:dis 27-34:di	186 171 298 125 176 128 128 128 128 128 128 128 128 128 128	0.53-0.48pm 0.28-0.25ek 0.52-0.55ek 1.59-1.48pm 1.29-3.8804 1.41-1.56pm 1.90-1.7045 83-9866 2.70-1.7045 1.00-1.0.4045 1.55-1.85ek 1.70-1.9005 1.01-0.56pm 1.01-0.56pm	191512343541231
	1,3820 - 1,3890 of are enoted in 115	2,3880 - 1,3896 ⁷	0.62-0.57cpm	536 •	1.72-1.67pm	40

EURO-CURRENCY INTEREST RATES

April 25	Short.	7 Days. setice	Sec Month	These Mentils	Sir- Months	Dee Year
SterBag IS OuTer IS Outer Con, Bollar D. Conter Sour Franc Destrabativ P. Franc Inalian Live B. Pr. (Plub S. Fr. (Clas) Yes L. Outer Active Shop L. Outer Active Shop L. Outer Active Shop L. Outer Active Shop L. Outer L. Outer Active Shop L. Outer	84-8 61-64 84-78 73-2 34-31- 74-74 18-9 6-51- 51-54-4 94-81- 68-61	81-8 61-63 81-8 4-34 23-34 75-74 10-9 61-58 64-51 9-84 9-84 62-61	本のでは、これでは、ないでは、 日本のでは、これでは、これでは、 日本のでは、これでは、これでは、 日本のでは、これでは、これでは、 日本のでは、これでは、これでは、 日本のでは、これでは、これでは、 日本のでは、これでは、これでは、これでは、これでは、これでは、これでは、これでは、これ	847, 847, 847, 847, 847, 847, 847, 847,	84-44 77-77 9-88 48-49 27-32 28-88 11-18 64-49 94-71 71-77	**************************************

Long term Exercisines two years 84-84, per cost; there years 84-85, per cost; four years 9-84, per cost; fine 94-9 per cost, combact. Short, term cates are call for US Dollars and Assistance Year colors, two dears makes

April 25	2	S	- 200	Yes	FR.	SP.	H FL	Lina	C\$	81
Š	0.533	1 <i>8</i> 75	3145 1677	234.0 124.8	10.68 5.696	2603 1388	3.528 1.862	2337. 1246	2.307 1,230	縈
AEN Diff	0.318 4.274	0.596 8,013	13.44	74,40 1000.	33% 45.64	0.828 11.12	1.122 15.08	743.1 9967	0,734 9,859	20.
F Fr. S Fr.	0.936 0.384	1.7% 0.720	2.945 1.208	219.1 89.90	10. 4,103	2.437 1	3303 1385	2188 997.8	2.160 0.886	毙
#FL Lina	0.283	0.531 0.802	0.891	66.33 100.1	3.027 4.570	0.738 1.114	1518	662.4 1008	8.654 0.967	18.6

-8 Fr. | 1520 | 2850 | 4780 | 355.6 | 16.25 | 3.956 | 5362 | 3552 | 3506 Yes per 1,000: French Fr. per 10: Lica per 1,000: Belgian Fr. per 100.

11.00 a.m. April 25: 3 mps	ntile US dollars	6. months US Dollars			
Mr 7%	offer 7's	ME 75	offer 7's		

330-3-6 8-84 2-24 4-44 3.90625 104-11 61-62 8-84 쎯

LONDON MONEY RATES Ħ

Sterling contracts weaken icit, the impact on bonds and glits is unlikely to be favourable.

tracts weakened on Liffe yester. Dealers said there is plenty to day, and after two consecutive worry the long end of the market trading days when long gilts fell at present, and the temptation is quite sharply, traders began to to move into short instruments, question whether there had been such as three-month sterling deposits.
Today's publication of first

about the situation.

Any rally, abead of Friday's looking for a resonably strong UK trade figures for March, is CNP figure, and if this means likely to be regarded by some traders as an excuse to get out of improvement in the US trade def-

LIPPE E/S OPTIONS 525,000 (costs per E1)

Close High Law Pres. 178.50 178.90 177.10 176.70 180.00 178.20

1-ent. 3-ent. 6-ent. 12-ent. 18734 18730 18638 18535

High 3.2800 1.8770

CURRENCY FUTURES LIFFE-STERLING £25,000 \$ per \$

18.65 15.70 13.30 9.00 4.60 2.00 0.75

0.8046 0.8046 0.8119 0.811/ 0.818 0.8329 0.8329 0.8329

0.5997 0.6001 0.5997 0.6003 0.6062 0.6063 - 0.6120 93.93 93.64 93.34 93.12 99.95 95.64 97.36 97.35 97.15

, Worries in the market will then build up before the announcement of the UK trade

Short sterling futures also weakened on Liffe yesterday,

closing near the day's low at 91.22 for June delivery, compared

with 91.46 on Friday.

This is equivalent to a level of around 8% p.c. for three-month money in the cash market, compared with a three-month interbank rate of around 8% p.c. yesterday.

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of the United Kingdom and the Republic of Ireland Limited.

SLOUGH

Slough Estates plc

(Incorporated with limited liability in England under the Companies Acts, 1908 to 1917, registered number 167591)

Issue of

£150,000,000 6 per cent. Convertible Bonds 2003

by way of rights

to the holders of Ordinary Shares of 25 pence each and of 8 per cent. Convertible Unsecured Loan Stock 1991/94 on the respective registers at the close of business on 8th April, 1988

The following have agreed to underwrite the offering:-

S.G. Warburg Securities

Banque Indosuez

Commerzbank Aktiengesellschaft Goldman Sachs International Corp.

Merrill Lynch International & Co. Salomon Brothers International Limited Union Bank of Switzerland (Securities) IMI Capital Markets (UK) Ltd

BNP Capital Markets Limited Dresdner Bank Aktiengesellschaft

Leu Securities Limited Morgan Stanley International

Shearson Lehman Hutton International, Inc. Yamaichi International (Europe) Limited SBCI Swiss Bank Corporation

Application has been made to The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited for the Bonds to be admitted to the Official List. Interest is payable annually in arrear on 20th May, the first such payment being due on

Particulars of the Bonds are available in the Statistical Services of Extel Financial Limited. Copies of the Listing Particulars may be obtained during normal business hours on any weekday up to and including 28th April, 1988 from the Company Announcements Office of The Stock Exchange and up to and including 9th May, 1988 from:—

Slough Estates plc, 234 Bath Road, Slough SL1 4EE.

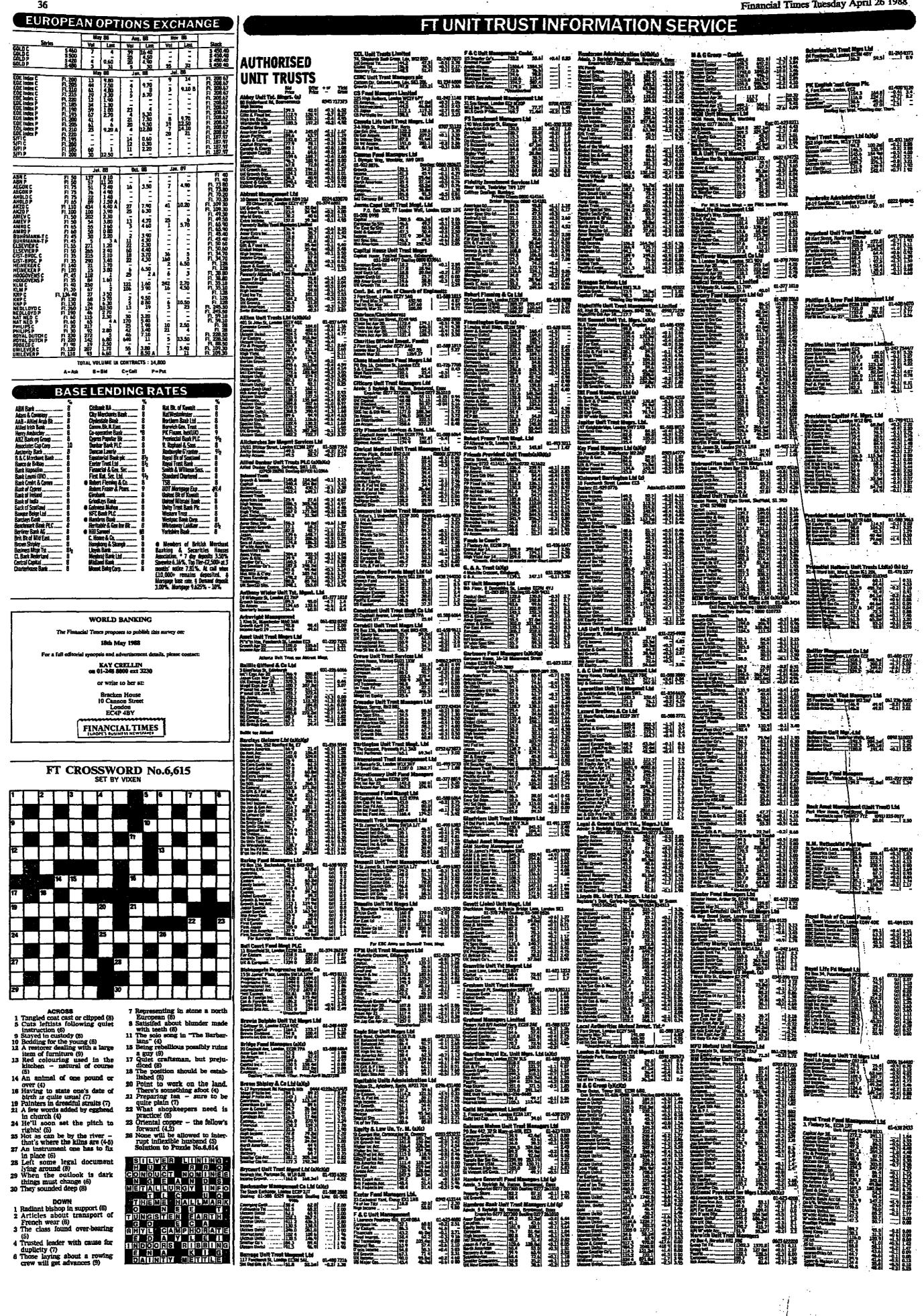
S.G. Warburg & Co. Ltd., Paying Agency, 6th Floor, 1 Finsbury Avenue. London EC2M 2PA.

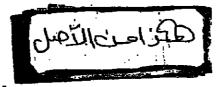
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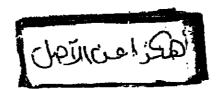


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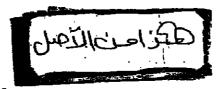
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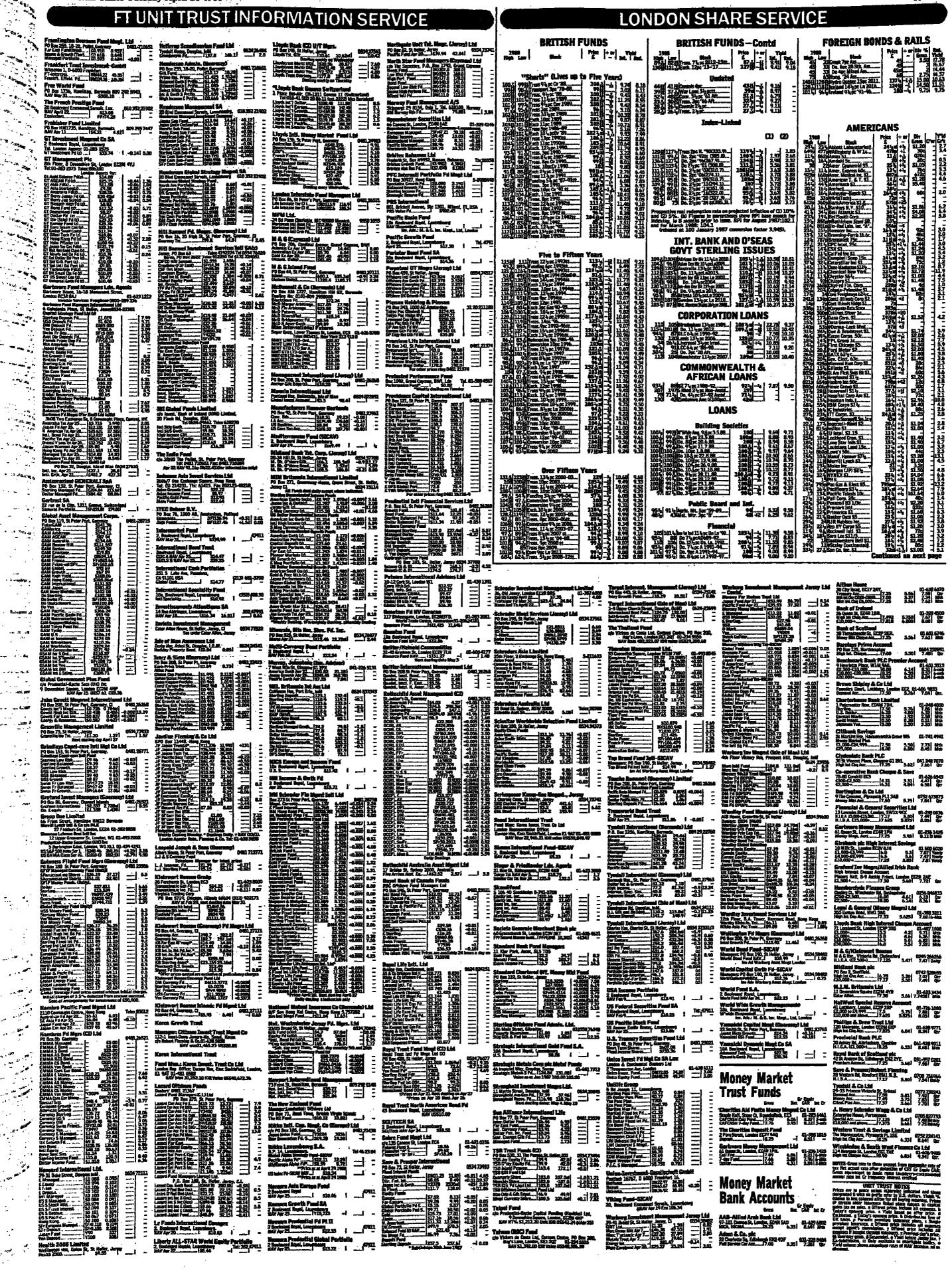
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د. خاصدت سارسا





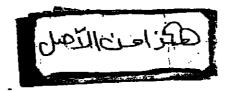
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INDUSTRIALS (Miscel.) - Contd

| 1982 | 1982 | 1984 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 273 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |

Cherical Spi

41



Pinancial Times Tuesday April 26 1988	LONDON SHARE SERVICE	
March Marc	TRUSTS, FIMACE, LAND - 1 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2	## 1998 1998

tions Dealings Day Apl 21 Apl 22 May 3 May 5 May 6 May 16 which expressed some doubts on inflation trends. point off at mid-session and then

Government bonds were half a

failed to sustain a rally prompted

by some cheap buying. UK hold-

ers are wary that any continued

softness in sterling might bring

moved above 9 per cent once more and the market closed at

the day's lows. Traders com-

mented that London was now

concentrating on domestic fac-

tors, and had ignored the steadi-ness of US bonds in early trading

British Aerospace gained 14 to 408p as the UK Government's

announcement of a \$5bn pro-

craft, "removed a major negative

over the shares", according to Mr

Brian Newman, industry analyst

Rolls-Royce, also expected to benefit from the new fighter pro-

gramme to replace the Tornado

and Jaguar aircraft, closed 6 up at 115p, helped additionally by

news of a 22 engine contract with

Turnover in both Aerospace

(3.1m shares) and Rolls-Royce

(6.6m) stood out against the slug-

gishness elsewhere. This major defence project will have reper-

cussions throughout the UK

defence industry with such firms as GEC, Ferranti, Dowty and

Smiths Industries likely to bene-

fit when the plan reaches the sub

contracting stage.

Rowntree Mackintosh, the

leading UK confectionery manu-facturer, were marked sharply higher to 730p at the outset fol-

screens, bought Rowmtree shares at prices between 730p and 750p.

Marketmakers, because of the

tree closed some 38 pence higher

its energy interests to Elf Acqui

taine of France for £308m - rated

which lowers RTZ's gearing sig-nificantly. A sale of the group's

29.7 per cent stake in London &

"more likely", said Mr Michael Villeneau, analyst at Morgan

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times,

the Institute of Actuaries and the Faculty of Actuaries

18.05

19.35 9.38 9.78 18.76 18.97 9.45 11.76 8.83 8.75 18.37 7.82 7.82 7.82 7.82 7.12 8.97 9.13 11.67 11.01 7.12 12.18 10.18 9.82 11.28 10.28

-0.3 +1.8 -0.2 -0.3 +0.1 -0.1 -1.4

+8.1 +8.3 +8.3 +8.3 +8.1 -8.3 +8.7

+0.1 +0.2 +1.2 +0.5 +0.3 +0.2 +0.1

+9.2 +2.5 +8.2

+0.1 9.79

+0.7 10.49

11.00

4.83 10.00

10.12 10.39

+8.2 9.82

Day's Change

1009.64 1583.71 1983.72

1703.72 1534.24 391.10 444.42 267.96 1234.41 1051.79

1065.48 864.57 2102.13 1763.76

1272.14 483.61 3265.99 832.38

583.10 859.29 1139.15

984.31 1143.27 1875.99 943.28 1117.09

1823.96

1007.30

346.57 1150.68 387.83

916.25

Fri Apr 22

-0.41 123.66

-0.79 170.16

148.19 -0.57 140.99

148.41 -0.58 149.28

136.95 -0.52 137.71

125.89 -0.35 | 126.34 |

118.53 -0.78 | 119.46

118.97 -0.74 |119.86

+0.34

90.54

9 Debenture & Lates _ 119.39 -0.51 | 120.19 | 1.41

90.65

164.27

xd adj today

4.54

0.03

0.20

Monday April 25 1988

Gross Div Yield% (Act at (25%)

3.68

12.46 12.23 12.71 12.13 12.18 12.50 7.84 13.53 14.55 12.27 13.93 14.36 14.36 14.36 14.36 14.36 11.36 11.46 13.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46 11.46

26.51 12.56

18.38

| Day's | Day's | Day's | Agr | Change | High | Low | 22 | 21 | 20 | 19 | 18 | ago | 46.0 | 1777.9 | 1764.1 | 1771.6 | 1791.9 | 1786.8 | 1798.9 | 1787.8 | 1996.6

15 years. 25 years. 5 years. 15 years. 25 years. 15 years. 25 years. 25 years.

ttish Marine (LASMO) is now

by the analysts as a "good deal",

UK's United Biscuits.

Manhattan.

Chase

Yields on near dated Gilts

foreign sellers of Gilts.

in New York.

Air Europe.

A TESTING WEEK for the UK securities markets made a somewhat hesitant start yesterday. The big institutions remained unwilling to commit themselves ahead of publication today of the Confederation of British Industry's survey of business opinion, and on Friday, of the UK Trade Figures for March.

Government bonds suffered further losses of 1/2 a point or so, as sterling softened and the City digested comments on exchange rate policy made by Mr Nigel Lawson, the UK Chancellor of the Exchequer, who again underlined his opposition to a further rise in the pound.

in a thinly-traded equity market, it was left to the day's crop of special, and often speculative, situations to provide the features. Some City analysts sounded hopeful for an improvement in Britain's trade figures during March, but there were pessimists as well. The spread of forecasts is unusually wide, ranging from suggestions of a narrowed monthly deficit on current account of £250m to a substantially widened one of £900m.

Equities opened the first ses-sion of the new Account firmly, with weakness in the pound on Far Eastern markets overnight helping the export stocks. However, it was soon clear that there was little genuine buying support, and attention switched to the speculative field, encouraged by RTZ's sale of its energy interests to Elf Acquitaine of France. The broad range of the market shaded lower until London picked up the hint of a firm open-

lowing weekend Press reports that at least two potential bidders were queueing to acquire the company. A figure of £10 per the company an input processible ing on Wall Street, when the international stocks began to share was mentioned; possible bidders include the like of Nestle, the Swiss food giant, and the At the close, the FT-SE 100 Index was 6 points higher at 1777.6. The Seaq volume total of 313.8m at 6.00pm indicated the Mid-afternoon, business in Rowntree expanded sharply as an underlying sluggishness which contrasted sharply with renewed speculative activity in Rowntree Mackintosh. aggressive buyer, operating through the inter-dealer- broker

Today's quarterly survey from the CBI will disclose significant evidence of industry trends and will be closely scanned in the Gilt-edged market. Uncertainty over the outlook for the pound and for domestic inflation showed themselves in the Gilt futures markets on Friday, and there was some follow-through in

the cash market yesterday. The market responded cautiously both to the Chancellor's comments on sterling policy and to the report from Parliament's Treasury and Civil Service Committee, published yesterday.

EQUITY GROUPS

stocks per section

Building Materials (29) Contracting, Construction (34)

Motors (13)
Other Industrial Materials (24)
CONSUMER GROUP (188)

reatn and Household (12). Leisure (30). Packaging & Paper (17).... Publishing & Printing (16). Stores (35)... Textiles (18).....

Conglomerates (14)
Shipping and Transport (12)
Telephone Networks (2)
Miscellaneous (26)

FINANCIAL GROUP (122)..

Investment Trusts (82) Mining Finance (2)

FT-SE 100 SHARE INDEX 4

FIXED INTEREST

Insurance (Life) (8) Insurance (Composite) (7) Insurance (Grokers) (7) Merchant Banks (11) Property (51)

Agencies (19) Chemicals (20)

70 Other Financial (30)

British Geve

1 i S years

2 5-15 years 3 Over 15 years.

index-Linker

Over 5 years ...

5 years ...

5 All stocks ..

CAPITAL 60005 (207)

Gilt-edged suffer fresh losses while equity sector

steadies in sluggish turnover

	Apr.	Apr.	Apr	Арт.	Apr.	Year	-19	88	Since Co	mpliation
	25	22	21.	20	19	Ago	High -	Low	High	LOW
Government Secs	89.89	90.26	91.01	91.09	91.31	91.64	91.43	86.97	127.4	49.18
		i	!	1	1	•	(18/4)	(13/1)	(9/1/35)	0/1/75
Fixed interest	97.30	97.75	97.92	97.90	98.31	96.62	98.31	94,24	105.4	50.53
				l	İ		(19/4)	. 08/23	(28/11/47)	C/1/75
Ordinary #	1413.3	1411.6	1423.4	1419.4	1429.7	1565.2	1478.7	1349.0	1926.2	49.4
			208.6	216.4	2181	463.6	(4/3)	(6/2)	0.6/7/87)	(26/6/40)
Gold Mines ,	207.1	205.7	208.6	215.9	216.1	403.6	3125	205,7	734,7	43.5
			!]	ì	(7))	(22/4)	(15/2/83)	(26/10/71
Ord. Div.Yield	4.61	4.62	4.58	4.59	4.53	3.73	S.E ACTIVITY			
Earnings Yld. %(/blf)	11.96	11.96	11.86	11 91	11.80	8.58		dice	Apr.22	Apr.21
P/E Ratio (cet)(*)	10.23	10.22	10.31	10.27	10.40	14.42	Gift Edged E	Bargados	140.4	135.5
SEAQ Bargains (Spm)	25,366	29,201	21,815	22,769	23,165	38,877	Equity Sarg	aisais	. 195.5	165.2
Equity Turnover (£m)	_	1089.61	1083.2	1082.69	976.14	1348.12	5-Day away	ge	2202.4	2189.4
Equity Bargains		30,168	25,490	23,536	24,320	50,218	l Giit Edged &	larcains	1434	146.1
Stares Traded (mil)		492.7	408.6	404.9	396.0	532.1	l Easilty Ravo	alet :	144.5	164.2
SMarts Traces (mir)	-	492.7	400.0	464.7	J90.0	336.1	Editità ATID	•	2103.9	2369.6
										L
♥ Opening 10 a	.m.	11 a.m] 12	p.m.	1 p.r	n. [2 p.m.	3 p.m.	4 4	o.m.
1416.0 140	9 1 l	1407.3	וו וו	108.6	1408	ol b	408.6	1410.		10.6

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Grenfell, the UK securities house. However, RTZ may not, under terms of the original deal, dispose of more than 5 per cent of its LASMO stake to any single buyer, before June 30 next year.

Its cash deal might send RTZ on the acquisition trail and the market was already looking for the past adopted a cautious acquisition policy.
RTZ's sale of its oil and gas

division to Elf for £308m took majors were unchanged to some of the speculative heat out slightly easier with Guinness 2

support for LASMO, which moved up 13 to 368p and Enter-prise, 15 up at 380p.

The oil leaders improved late

buyers tactics, were unable to pin a name on the purchaser. Rownexpected first quarter results from Mobil and Exxon. Shell jumped 11 to 1055p and BP edged on the day at 752p following turnover of 2.4m shares. RTZ fell 4 to 376p after sellings up 2 to 269p. against Interest in the banks sector £170.5m.

was almost entirely confined to Barciays ahead of the meetings scheduled for April 17 at which shareholders will vote on the proposed £921m rights issue; Barclays shares go "ex" rights on the stock on fundementals, but Friday. Barclays initially moved Nomura, in a note to clients, con-up to 438p but dipped later to clude that the shares are no bet-

Thu Apr 21

8.72 752.14 758.83 755.84 841.09
7.63 1811.94 1821.21 1019.34 1848.14
17.12 1597.62 1596.39 1591.86 1391.35
12.47 1532.41 1544.57 1333.85 1886.92
3.99 447.76 435.72 435.33 461.91
4.79 264.67 277.87 272.34 322.74
19.72 1232.56 1245.72 435.33 461.91
4.79 264.67 277.87 272.34 322.74
19.72 1232.56 1245.52 1293.44 162.85
6.47 1651.57 1058.85 1656.75 1358.95
7.75 1669.86 1276.73 1064.85 1674.28
8.45 847.49 856.36 846.34 877.57
12.39 2106.85 2114.54 2162.21 2338.43
6.40 1768.47 1765.86 1768.15 2152.49
11.44 1277.61 1281.67 1247.71 497.10
4.07 484.20 487.45 644.84 646.25
4.07 484.20 487.45 644.84 646.25
4.07 484.20 487.45 644.84 646.25
4.07 1858.21 599.19 534.08 468.61
7.89 858.18 867.86 89.35 976.99
9.41 1135.47 1148.75 1144.72 1380.14
20.15 981.80 987.82 1863.26
6.05 1142.26 1158.14 1149.70 1242.66
21.37 1881.89 1898.22 1896.59 1839.39
18.12 1109.03 1126.62 1115.37 1284.22
7.89 931.38 939.21 236.38 1839.39

3.88 12.99 7.89 931.38 939.23 936.38 1639.39 5.63 12.31 38.41 1811.52 1848.11 1852.84 1811.81

4.13 12.89 18.46 1005.69 1815.87 2013.54 1104.68

663.19 614.85 975.99 528.57 892.26 347.56 1152.85 388.07

863.07 448.51 1831.70

914.55 923.67

Mon Apr 25

8.77 9.19 9.06 9.25 9.40 9.23 9.53 9.53 9.03

2.46 3.81 1.50 3.64

10.74 10.55 10.55

Fri Apr 22

8.58 9.12 8.97 9.07 9.33 9.17 9.17 9.47 9.23 8.86

2.33 3,76 1.36 3.59

10.82 10.61 10.61

8.18 8.89 8.81 8.68 9.03 9.04 9.03 9.17 8.99 8.88

2.85 3.54 2.31 3.43

9.85 10.03 10.05

9.94 10.42

190 W

990 405 420

670.26 623.02 993.56 534.58 893.27 349.30 1166.28 389.75

901.11 735.87 535.80 531.88 693.65 1110.71 347.15 363.54 1155.94 996.87 389.65 454.88

Year ago (approx)

close a shade easier on balance at of the continuing strength of the pound. ICI's first-quarter figures 434p, on turnover of 3m. Micrelec, the electronics group, made a successful debut in the are due on Thursday and analysts expect profits of between Unlisted Securities Market; the shares, placed at 110p, opened at £340m and £360m against £334m

118p and advanced to 121p. Allied-Lyons suffered as marketmakers lightened their book positions in the absence of fresh likely targets yesterday. The met-als and industrial group has in Bond Corporation speculation or UK retail demand. The shares closed 6 lower at 399p, after turnover of only 1.7m. Other Brewery of the spectuarive neat out of sampling easier with Guinness 2 off at 295p following the disposal rumours of a French bid have off at 295p following the disposal rumours of a French bid have off three US wine businesses operbeen rife for the past couple of ated by Somerset Vintage Cellars weeks. Clyde dipped 1½ to 139p and GMI Photographic for \$14m. Scottish & Newcastle also eased to the second of North based intended to gend \$150m. But the revaluation of North to 2760 but a report that Whit-Sea oil to as much as \$1.75 a bread intended to spend £150m barrel after the EH deal triggered on hotel development and investment over the next three years helped sentiment in the "A"

shares, which remained at 304p. Tarmac attracted buying ahead in the session after the announce of today's preliminary results ment in the US of better than and edged up 4 to 245p; analysts expect profits to rise sharply because of the booming construc-tion market to around £250m. against the previous year's

> ICI edged up 7 to 975p despite differing views of the group's profits potential seen in the light of currency factors. Warburg, the securities house, are bullish of the stock on fundementals, but

ter than a weak hold in the light

The leading retail issues failed to attract any sustained interest and even Storehouse, one of the market's most active issues over the past couple of weeks as bid speculation has increased, saw turnover contract from double-figures levels to only 1.1m yesterday. Storehouse shares drifted back 2 to 279p, after 278p, despite the spate of comment in

Marks and Spencer, after releasing further details of the takeover of America's Brooks Bros at the end of last week, were a shade off at 180p on turnover of Ratners made good early prog-

ress to touch 268p on speculation that today's preliminary figures will show profits of 252m-plus, against last time's £22.5m, and be NEW HIGHS AND LOWS FOR 1988

RES (2) ELECTRICALS (2) ENGINEERING (4) OS (2) HOTELS (1) INDUSTRIALS (12) LIS

THEIR BARRET (2).

CAMADIANS (3) BARRET (3) BUILDNOS (1) STORES (4) ELECTRICALS (5) BUILDNUERNISC (1) POODS (1) INDUSTRIALS (7)
NEWSPAPERS (1) PAPERS (1) PROPERTY (2)

LONDON TRADED OPTIONS

10 20

2*7* 45

Locates (*210)

Sears (*131)

Text) (*155)

420 460 500

12772855

19 19 49

accompanied by the acquisition of Ulsterman, the US jewellery chain, for around \$60m. Market talk suggested the acquisition will be funded by an issue of convertible stock. Turnover in the recently-active electronics leaders was much

reduced. Racal, last week's biggest turnover stock, settled unchanged at 238p with 4.2m shares moving through the sys-tem; rumours of imminent bids from groups such as Cable & Wireless and GEC continued to do the rounds but failed to arouse any significant demand. Cables held at 317p on volume of 2.3m. GEC (turnover 2.9m) managed a a minor gain at 153p with senti-ment helped by talk that the company will be a major participant in the new Euro fighter proj-ect on which the UK is expected to spend some 26 bn to 27 bn to replace the RAF's Jaguar and Phantom aircraft. Ferranti, also expected to play a big part in the aircraft's manufacture, were a fraction better at 79p.

Farnell's preliminary results. at £25.7m compared with last time's £23.4m, were regarded as disappointing and the shares dipped 8 to 168p. Prestwick's return to profits in the interim period saw the shares race up to 60p before closing a net 5 firmer

Delta Group moved ahead strongly to close 29 higher 328p. RTZ have been put forward as a possible predator for Delta for some time and yesterday's move by the former to sell off its oil and gas interests to Elf Aquitaine for some £308m inevitably aroused fresh speculative activity

The bid speculation surround ing Rowntree spilled over into some of the Food sector's other takeover favourites. Cadbury Schweppes, in which General Cinema of the US holds a sizeable stake, rose 16 to 295p on turnover of 2.8m while Northern Foods revived strongly with a gain of 13 to 265p. Elsewhere, Associated Fisheries gained 7 to 170p following disposal news.

tions Dealings
Apl 21 Apl 22
May 5 May 6
May 19 May 20

27 60

13

25 43

8 16 27

"First Declara-Dealings tions

25 15

20

keen in-house buyers of Grand Metropolitan and the shares improved 2 more to 483p. Ladbroke were also at 409p, up 5. Interest in the international stocks fell away to an extremely low level. The easier trend in sterling failed to prompt much in the way of activity and prices did little more than fluctuate within

narrow limits. Fisons continued to claim attention on prospects for its the many high-flying casualties aerosol pentamidine drug to com- of the October collapse - the bat Aids related pneumonia and edged up a shade further to 257p

jump of 70 to 490p in response to the bumper annual results; pretax profits of £9.6m compared with £6.69m last year. Described to the bumper annual results are the bumper annual results; pretax profits of £9.6m compared with £6.69m last year. with 56.69m last year. Dominion statement while Guidehouse rose International improved 5 to 96p 5 to 85p after newspaper mention.

Lonrho were quoted ex the standing shares and loan notes in

FFL Holdings.
A County NatWest WoodMac recommendation ahead of today's annual results lifted FR Group (formerly Flight Refuelting) 6 to 279p. Mr John Tysoe, sector analyst at the securities house, describes the group as "a wonderful company" and is looking for profits of £23.5m, up 40 per cent on last year. Lex Service maintained a firm profile awaiting a visit today from Kleinwort Grieveson researchers while motor distributor H & J Quick rose 5 more to 275p on talk of an acquisition. Jessups gained 7 to 188p.

Share stake news directed attention towards Davidson
Pearce, the advertising agency.
The Ogilvy group has reduced its
holding to a token level and Bishopsgate Investment Trust has mired a 4.8 per cent interest. the purchase of Contract Person-nel, a Dublin-basedfield marketing company, and the shares responded by rising 5 to 106p. Yellowhammer, another agency. reached a peak for year of 170p, up 4, after news of a vendor share placing; the shareswere connected with the proposed acquisition of Newstech Communica-

Acquisition news also aroused

of Sterling Publishing was more of a talking point in the USM sector. Light demand made quite an impression, raising the shares to 101p before a close of 10 higher

on the day at 98p.

Sharply increased first-half profits boosted S Lyles, the textile manufacturer, 7 to 78p while weekend press comment meant higher values for the likes of SEET, 155p, and Lamont, 280p. Atkins Bros. extended Friday's marked upturn and ended 11

higher at 250p. Argyle Trust resumed their recent prominence among miscellaneous Financial trusts. One of price touched a pre-crash high or 223p - Argyle jumped another 13 to 109p with marketmakers Lonrho were quoted ex the scrip issue at 210p while Inchcape closed marginally easier at 715p ex the dividend payment.

Traded Option business contracted, the total number of con-tracts falling to 21,977 made up of 14,043 calls and 7,934 puts. The FTSE contract was especially quiet with calls numbering just 552 with puts at 844. Racal calls amounted to 2,832 reflecting possible bid prospects; Racal puts came out at 155.

Traditional Options

First dealings Apr 18
Last dealings Apr 29
Last declarations July 14
For Settlement July 25

For rate indications see end of London Share Service Dealers reported an expansion of business in the Traditional option market yesterday. Stocks favoured for the call included New England Properties, BOM Holdings, B.C.E Holdings, Singer and Friedlander, MY Holdings, A and M Group, Highland Distilleries, Regentcrest, Adwest, Camhrian Venture, Time Products, Freshbake Foods, Tarmac, CASE and Scottish and Newcastle. No put were reported but double options were arranged in Euro-tunnel units, A and M Group and support of USM-quoted Parkway, tunnel units, A and M 3 better at 285p, but the strength Highland Distilleries.

TRADING VOLUME IN MAJOR STOCKS on trading volume for Alpha securities deatt through the SEAQ

- June					
ASDA Group	7.900	General Accident	148	Predential	4,100 187
Allied-Lyons	1,700	General Elect.	2,900	Racal	4,100
Amstrad	332	GLEXIO	810	Rank Org	. 187
Arayli Scotto	2150	Globe investment	- 100	RMC	78 78 30
Argyll Group Assoc. Brit. Foods	· 77	Granada	1,300	RHM	784
BAA	3,300	Grand Met	1,300	Reckitt & Colman	30
BAT	683	GUS "A"	73	Redland	- 4/
BET	510	Guerdian R.E	198	Reed Intl	83
8ICC	301	GKN	940	Reuters "B"	319
BOC	699	Guinness	309	RTZ	2,900
BPB lads	282 1.800	Hammerson	. 301	Rolls-Royce	6,600
BTR	1,800	Harson	2,800	Rothmans "B"	50,
Barclays	3,000	Hawker Siddeley	247	Rountree	2,400
Batt	77	Hillsdown Holdings.	562	Ryl Bank Scotland	152
Beecham	848		962	Royal loserance	272
Blue Arrow	L 200	CI manual management	438 -	\$TC	152 299 315 123 245
Bise Circle	133	_ Jaggar	. 777	Saatchi & Saatchi	123
Boots	1,100	Lachroke	1,000	Salvebary	200
Brit. Airways	1,100	Land Securities	429	. Scott & Newcastle	631 244
Brit. Aerospace	3,100	Laporte	84 120	See	
Brit. & Comm	764	Legal & General	120	Sheli Transport	1,000
British Gas	1,900	Lioyds Bank	248	Smith & Nephew	. 890
8P	1,900	ĻASŅO	2,400	Standard Chartered.	43
Brit. Telecom	1,100	Learno	444	Storehouse	1,10
Burenah Oil ,	372	Locas	300	Sun Alliance	241
Berton	97	MEPC	959	T&N	2,70
Cable & Wireless	2,300	Maris & Spencer	1,800		2./U
Cadbury Schweppes .	2,800	Maxogell Comm	520	Tarmec	1,60
Coats Viyella	214	Metal Box	982	Tesco	73
Commercial Union	1,700	Midland Bank	1,200	THORN EMI	1,200

RISES AND FALLS YESTERDAY

465 1,400 179 1,000 323 678 1,200

British Funds Corporations, Dominion and Foreign Bonds Industrials Financial and Properties Oils Plantations Mines Others	Rises 1 2 479 208 36 4 50 120	Falls 108 37 333 103 18 1 50 46	Same 4 13 738 330 54 8 95
Totals	900	696	1,319

LONDON RECENT ISSUES

EQUI	TIES	i 				•					
Ispae Price	Access. Paid	Lateral Researc.	198	8	Stark	Clasing Price	+=	Net	Tees	Cross Ylelif	P
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FIXED INTEREST STOCKS

£ up Date High Low	ł	Price	Paki	Latest Respon	19	188	Stack	Clasion	Ι.
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Issue Arrount Latest 1988 Closing Price Pair Resunt Stock		<u> </u>		19/6	10%	101a 69 69 241 100a 100 901	B. M. Group 4 Spc Ret Co Cm Ret Pf 20p Modgann Hiller, 5p - spe Co Cm Ret Pf Intry Interval, Jacob 1 Spc Co Cm Ret Pf Love (New 1 6, 75pc Cm Co Ret Per 51 M wide Amplia 9H, Bit Rest 13 3,89 De 9,3pc Bd 1,74,297	745 243 1130 1865 994	+
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				Remot	19	198	Stock		Ţ,

Estat Price	Arrount. Paid	Latest Denonc	19	B8	Stock	Closing	Ī.
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*Opening index 1777.9; 10 am 1771.2; 11 am 1769.3; Noon 1773.5; 1 pm 1773.9; 2 pm 1772.7; 3 pm 1774.6; 3.30 pm 1773.8; 4 pm 1774.5

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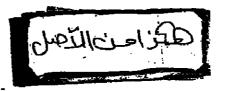
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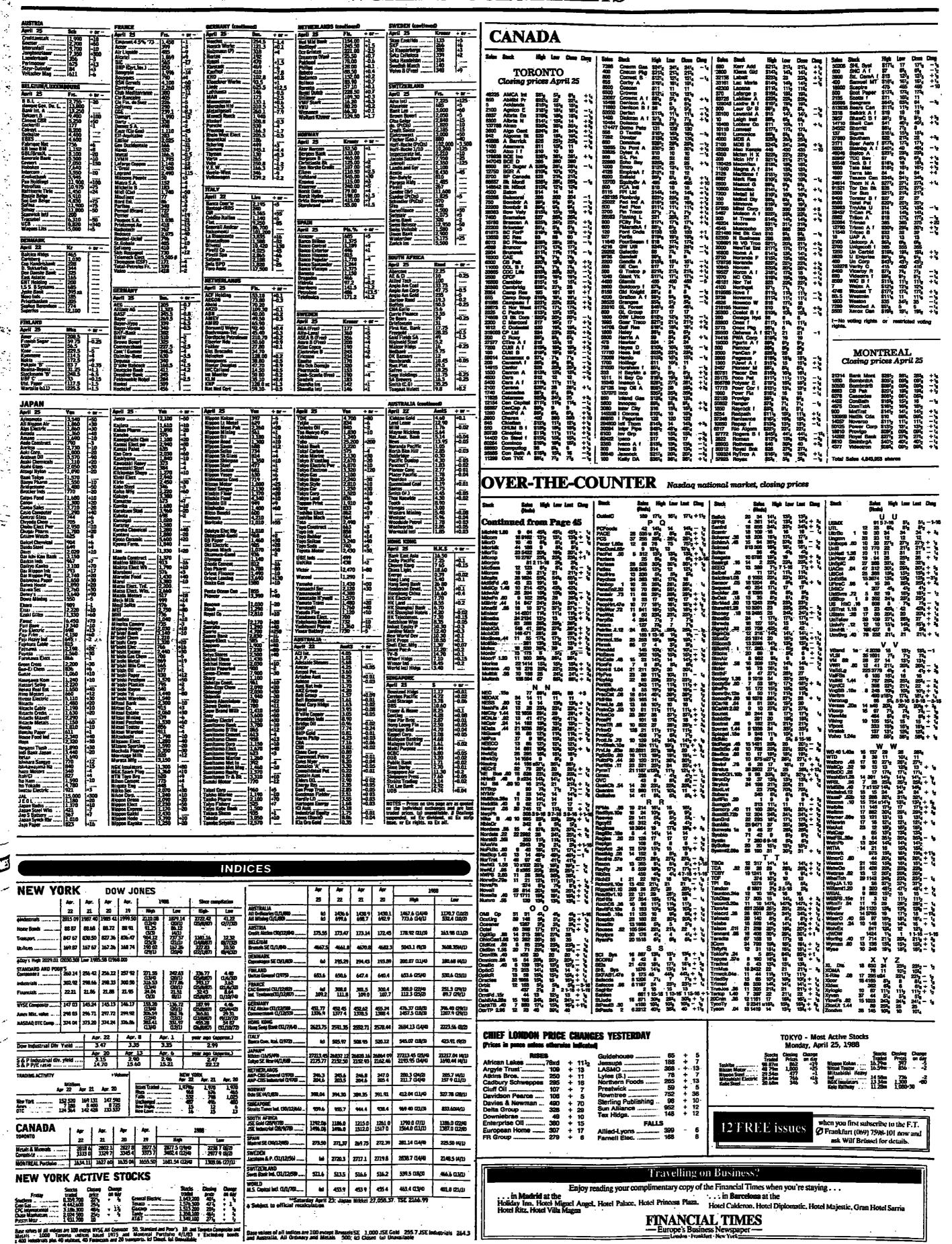
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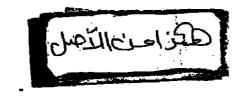
WORLD STOCK MARKETS



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Ar | Neight | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1987 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 | 1988 ZHORU BU UTING SERICE BUZZE FREEDING SERICE ZZZZ | General | Gene TOTAL TARKENSER BUSER BU 31 17 64 25 17 17 18 25 17 18 25 17 18 25





NYSE COMPOSITE CLOSING PRICES	AMEX COMPOSITE CLOSING PRICES
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	OVER-THE-COUNTER reaction matter, coming prices April Apr
	i

AMERICA

Hilary de Boerr looks at the recovery of a key sector on European bourses

overcoming a dull opening

Credit markets, in contrast, added \$\% to \$10\% and Kroger, were subdued and prices little changed ahead of today's release of the Siret contract of the S of the first quarter US gross unchanged at 31%.

In the takeover arena, J.P. Stevens, up \$% to \$67%, agreed the conomic data later in the

Average closed up 21.05 points at to \$30%. West Point, a competitor 2,036.14. Broader market indices in the textiles business, said it Average closed up 21.05 points at 2,036.14. Broader market indices showed similar strength with the Standard & Poor's 500 rising 2.37 to 262.51 and the New York Stock Exchange composite index adding 1.18 to 148.21.

NYSE volume was only moderate at 152.5m, with rising stocks leading falling by three-to-two.

S0%. West Point, a competitor in the textiles business, said it will sell off large parts of Stevens to other companies to satisfy anti-trust complaints.

Farmers' Group, off \$1% to \$31%, said it had ended leveraged buyout talks which it had hoped would foil a takeover offer from BAT of the UK.

ate at 152.5m, with rising stocks with four acceptance of the UK.
leading falling by three-to-two, despite a big boost from heavy trading in utility stocks about to pay dividends.

BAT of the UK.

CPC International jumped \$2% to \$50% after rising \$1% on Friday when a block of 3.2m shares and the pay dividends.

was accounted for by three util-ity stocks, Southern Co., Cincin-ducer said it did not know who nati Gas and Electric and Pinna- was the buyer cle West Capital. Buyers were locking in, for example, a dividend yield from Southern of around 9.3 per cent before it goes or a bidding war for the bank between Bank of New York

lowing sharply higher results allowed its current offer to stand from a number of companies, because it said Irving was not Exxon rose \$% to \$44%, Mobil interested in serious negotiastantial profits from downstream over the next two years pur-operations such as petrochemic chases of tyres from Firestone advances by 446 to 370

WITH THE help of strong corporate earnings, Wall Street stocks overcame a dull start yesterday to post solid gains in moderate trading, writes Roderick Orum in New York.

Credit monkets in contract lendustries the aerospace groun.

to a \$68 % share takeover offer The Dow Jones Industrial from West Point-Pepperell, off \$%

pay dividends.

About one-third of the volume some 4 per cent of its outstanding

t-dividend today.

Oils were a buoyant sector folThe former terminated talks and

added \$1% to \$47% and Amoco tions.

Was unchanged at \$78 while Occidental Petroleum dipped \$% to added \$% to \$64% on higher prof\$27%. Thanks to falling crude oil its. It will also benefit from Genprices, the companies reaped sub- eral Motors' plans to phase out

cals for which demand and prices which is being acquired by Brid-

Trading was quiet in the credit markets as investors and dealers waited for important economic data to be released later this week. The price of the 8.875 per cent benchmark Treasury 30-ye bond eased about % of a point during the morning before pull-ing up to stand unchanged by late afternoon at 98% yielding

The Fed Funds rate was steady through the day at 6 per cent, comfortably within the Federal Reserve's apparent target for the key interest rate.

The most important figure is first quarter US gross national product which is expected to have grown by about 23 per cent at an annual rate. The GNP della-tor, a key inflation measure, is thought to have risen by about 3 per cent at an annual rate in the

Barring adjustments to any data sharply different from fore-casts, credit markets are likely to remain rather quiet because of further figures later in the week such as new home sales, personal income and consumption and the index of leading economic indica-

Canada

STOCK PRICES posted a slight gain in quiet and mixed trading as investors remained on the sidelines amidst uncertainty about the direction of the econ-

The composite index, which had gained about nine points in earlier trading, rose 3.10 to tall sharp fall that reflected disspeculation, finished FFr50, or 3336.10 as declines outnumbered

High-techs and electricals carry Nikkei to new high

STRONG demand for electricals and high-technology stocks took the Nikkel average to a record high in Tokyo yesterday, its first move to a new peak for eight trading sessions, writes Shigeo Nishiwaki of Jiji Press.

Optimism over strong gains on Wall Street and buoyant demand for computer chips boosted buying of Toshiba and other heavy electricals, as well as NEC and other high-technology stocks. Giant-capital issues weakened on

late selling after a firm opening.

The Nikkei average rose 155.08 to 27,213.45, beating the April 14 871m shares, up from last Fri-

day's 702m shares. The market opened firmer on a broad front, supported by the Dow Jones average's previous strong performance and the dol-lar's rally against other leading

Toshiba headed the active stock list, with 99m shares traded, and firmed Y19 to a record high of Y882. Its previous peak of Y883 was on April 8. Buyers shrugged off possible enactment of a US omnibus trade bill that would include a provision calling for sanctions on the com-pany and its subsidiary, Toshiba Machine, for the unit's exports of

sensitive technology to the Soviet Union.

Automobiles rose, and Nissan Motor, second busiest with 49m shares, added Y25 to Y1,000, reaching the Y1,000 mark for the first time in seven years. Toyota Motor put on Y30 to Y2,430.

Toshiba's strength gave power to other heavy electricals, with the outcome of negotiations on the believement to other heavy electricals, with the outcome of negotiations on negotiations

Y766 on the fourth biggest vol-ume of 25m shares and Hitachi

In the high-tech sector, Matsushita Electric Industrial added Y30 to Y2,780, NEC Y50 to Y2,230

and ruitsu Y30 to Y1,560.

Among other stocks gaining from specific good news, NGK insulators rose Y30 to Y1,300 on plan's by the Ministry of International Trade and Industry to change the voltage of electricity for household use from 100 walks for household use from 100 volts to 200 volts. Yamaha Motor firmed Y50 to Y1,430 on the

Mitsubishi Electric rising Y16 to last Saturday's 4.425 per cent fin-Y766 on the fourth biggest volish to 4.445 per cent after hitting 4.450 per cent momentarily. In Osaka, equities continued

an untrend, with buying centring on high-tech stocks. The Osaka Securities Exchange stock average gained 132.61 from last Saturday to 27,060.78 on a turnover of 99m shares, up 7.5m shares.
Mori Seiki increased Y60 to
Y2,550 and Daiken Trade and
Industry Y40 to Y1,040, whereas
Nintendo fell Y240 to Y9,160.

Singapore

EARLY strength following gains growth potential of leisure-re-lated businesses, while Asahi in New York and Tokyo was dis-breweries climbed Y90 to Y2,290 tant market, leaving the Straits on steady growth in beer Times industrial index 3.83

Breweries climbed Y90 to Y2,290 on steady growth in beer demand.

Bridgestone closed Y50 down at Y1,430 on late news that General Motors of the US would stop buying tyres from the Japanese tyre and rubber company, which is taking over Firestone Tire and Rubber of the US.

Large-capital stocks eased on late selling almost across the board Nippon Steel ended Y1 up at Y477, while Kobe Steel was down Y3 to Y346 and Nippon Kokan Y5 down to Y397. Ishikawajima-Harima Heavy Industries, however, rose Y15 to Y340.

Bonds declined slightly in lack-lustre trading, with dealers and institutional investors awaiting the outcome of negotiations on issue terms for May government bonds maturing in 10 years as a support of the US.

Support Strating in a hesitant market, leaving the Straits Friday.

Trading in Hongkong Land, which saw renewed rumours about a possible takeover by Mr Li Kashing, represented more than 11 per cent of the day's trading. The stock added 15 cents to S\$1.39 as 11m shares changed thands.

Among the blue chips, Singath HK\$10.50, Mr Li's Cheung Kong rising 15 cents to HK\$3.55.

Other properties followed suit, with Sun Hung Kai up 10 cents at HK\$10.50, Mr Li's Cheung Kong rising 15 cents to HK\$1.50, Mr Li's Cheung Kong rising 15 cents to HK\$1.50 n news of higher annual profits and a one-for-two bonus issue and share warrants.

SOUTH AFRICA

Dow posts solid gains after Car stock gains fuelled by strong auto sales

RECORD demand for automobiles has driven European car stocks sharply higher since the start of the year, with several issues outperforming their own So far this year, the European 1, outperforming the FAZ index for a larger stake in aerospace

ault, Saah, Porsche, Peugeot, Fiat gain of 11.3 per cent up to last and BMW have all outpaced their Friday against a total market rise respective bourses, while Dain-of 72 per cent. ler, Volvo and VW have each The best per per cent lower than the UK mar. Drew. ket overall

rises is that European car stocks market have sent their share were among the most hadly prices up 57.3 per cent and 43.4 dented in the crash last October. per cent respectively. Car regis-Investors dumped large capitalistrations in Spain rose by a record ation blue chips such as the cartain su listed on more than one market Europe. and so are easier to sell, notably Swedi

car sector has outperformed the Citroen Hispania, Fasa Ren- total European market, with a

The best performers of the gained ground since the start of European car stocks have been 1988. Only Britain's Jaguar has Citroen Hispania and Fasa Renfailed to reward its shareholders, ault, the Madrid-quoted subsidremaining 12.7 per cent below its iaries of Peugeot and Renault, January 1 share price and 13.9 according to brokers Phillips &

Part of the reason for the sharp automobiles and a strong stock

Swedish carmaker Saab comes in third, having raced forward 24 Fears that an impending recest over the period. Saab sion would stem car sales — especially in the luxury sector — also cially hard by the crash and have hit car shares, and the European been recovering steadily over the sector, including the UK, plunged past three months, although

on the Frankfurt bourse by 8.6 company Dornier. per cent in that period. The stock has see-sawed quite violently amid a rash of takeover rumours, with Daimler mooted as the most likely bidder. In France, strong sales, espe-

cent since the start of January. West German luxury carmak- prices. ers BMW and Daimler-Benz have VW BMW and Daimler-Benz have VW is about 7 per cent higher en less spectacular rises - at than at the start of the year, but 12.5 per cent and 8.6 per cent has underperformed the FAZ respectively - with the weaker index following fears in early dollar dampening the positive March that the Government's pri-

Nevertheless, Daimler has underperformed the FAZ index by 2.9 per cent, hit by the weaker dollar, the success of competitor BMW and lower US sales. BMW has also suffered from the latter, cially of the 405 range, have while rumours of a US tax on helped push Pengeot up 16.9 per cars with a large petrol consump-cent since the start of January.

effect on the share price of strong vatisation of its remaining 16 per demand around Europe. BMW's cent would flood the market.

Britain's Jaguar has mean-

Germany in mid-February is in while fallen behind on dollar such demand that the group's worries and, more recently, on 1988 allocation for the West Gerconcern that it would not reach

man market is said to be already sold out.

Both stocks have fluctuated quite sharply in recent weeks on dollar movements and continued reduces the car company's pretakeover speculation. The concern that it would not reach an agreement with workers on increased production.

An 11 per cent fall in the dollar's rate against the pound reduces the car company's pretakeover speculation. The

88 to April 22 '88 in

De

Share name	% change in share price	% chag relative to mark
Citroenitisp FasaRenauit Saab Porsche Peugeot Voivo Flat BMW Daimler VW Jaguar	57.3 43.4 24.0 21.4 16.9 13.0 12.6 12.5 8.6 7.3 -12.7	30.7 19.2 2.5 8.6 4.2 -8.6 7.9 0.7 -2.9 -4.0

Merket Indices: France, CAC; W. Ge FAZ; Italy, MIB: Sweden, Afférsvá Spein, general Index, UK, FT-SE 100 Source: Philips & Orew

Mr Stephen Reitman, European motor industry analyst at at its present weak level, "they have to produce more just to stand still," he says.

EUROPE

Paris recovers after falling on election news

INVESTOR malaise hit most of Europe yesterday, and bourses tially unsettled both by his reversal and gains in New York and rokyo. French stocks held up reasonably well in spite of the election news and the strong gains last week, writes Our Markets Staff.

PARIS recovered from an initial was advancing strongly, were initially unsettled both by his reversal and by the unexpectedly high score of National Front leader came back later in the session to trim losses in some blue chips by more than half.

Compagnie du Midi, which has chut un recently on tabance.

appointment over the poor shownearly 3 per cent, lower at ing for Prime Minister Jacques FFr1,740 after being about 6 per Chirac in the first round of the cent down earlier in the session. Chirac in the first round of the cent down earlier in the session. presidential election. After losing Peugeot lost FFr21 to FFr1,030 more than 3 per cent at the start, and Michelin, hit by a strike and

more than 3 per cent at the start, the market picked up on local buying support and the Indicateur de Tendance closed just 2.3 per cent lower at 109.20.

"It was quite a surprisingly good performance, considering the market rose by 6 per cent last week," said one analyst. "Altogether I think people are not too worried about the possibility of Mitterrand's election." He estimated volume at about FF1.2bn, down on Friday but reasonable the market rose by 6 per cent last week," said one analyst. "Altogether I think people are not too worried about the possibility of 451.77 in very low volumes. "There was just a general lack of interest," said one trader. "All down on Friday but reasonable the sesential ingredients of a

Hong Kong

FURTHER speculative buying of Hongkong Land helped push share prices higher, with senti-ment aided by earlier gains on

The Hang Seng index rose 32.40

Wall Street

down on Friday but reasonable the essential ingredients of a compared with recent levels.

Investors, who had pushed the market higher at the end of last today and the dollar steady—week on rumours that Mr Chirac but the market just didn't follow

London

SPECIAL situations provided the only feature in a London market awaiting UK business and trade data this week. RTZ ended 4p easier at 376p after the sale of its oil and gas division to Elf Aquitaine. Internationals failed to draw

interest despite a weaker pound. The FT-SE 100 index finished 6 higher at 1,777.6.

Volume in Frankfurt was estimated at DM687m worth of shares, against a good day's showing for the West German bourses of at least DM2bn. The dollar was fixed at DM1.6742, against DM1.6718 on Friday.

The day's main excitement came from engineering group Linde, up DM12.50, or 2 per cent, at DM625.50 on news that it expected to increase its dividend this year. There was talk of at

a quorum at an extraordinary

Tractebel, which reported 800.2, mostly in a late surge. increased consolidated net profits, slipped BFr50 to BFr6.310.
And chemical UCB, which on Friday dropped by a heavy BFr400, added BFr340 to BFr8,820. dded BFr340 to BFr8.820. industrial group Stephens-Adam-AMSTERDAM closed mixed son of Canada for SKr100m. with little incentive for share-

nomic data.

lower, with the yield on the 6% per cent 1998 unit reaching its highest since February 10, at 6.34 per cent against 6.30 on Friday.

BRUSSELS saw thin and quiet trading amid general uncertainty over the direction of domestic interest rates and a dearth of key corporate news.

The Brussels stock index edged up 6.5 to 4.667.56, with Petrofina one of the main performers. The market leader, which failed to get a quorum at an extraordinary infants.

a quorum at an extraordinary meeting aimed at winning share-holder approval for a capital ing as investors awaited tomorincrease, was BFr75 higher at increase, was BFr75 higher at Affairsvärlden index gained 5.5 to Affairsvärlden index gained 5.5 to Trelleborg, minerals and min-ing group, was unchanged at SKr225 amid news that its Boli-

den Allis subsidiary bought MADRID rose on investor conwith little incentive for shareholders to trade pending results fidence that domestic inflation
later this week from leading comsand the release of US econamic data.

HELSINKI finished higher with

this year. There was talk of at least one large buy order.

Bonds were fixed 25-40 pfg

The ANP-CBS index added 0.7 the Unitas all share index up 0.5 to 246.3, and the dollar closed at per cent at 653.6, nearing last F1 1.8805 against F1 1.8773 on Fri- October's all-time high.

Rabobank Financial Highlights.

	as of December 31 (in millions of Dutch guilders)	1987	1986	
	Total assets	145,535	139,689	
	Total loans	99,081	93,469	
	Total deposits	108,152	103,353	
	Own funds	8,383	7,723	
	Net income	692	. 685	
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Rabobank

Rabobank Nederland, Groeselaan 18, 3521 CB Unrecht, the Netherlands Telex 40200. New York, London, Antwerp. Paris, Singapore, Hong Kon Jakanta, Curação, ADCA-BANK (Frankfurt, Berlin, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart).

FT-ACTUARIES INDICES Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 25 1988					FRII	MY APRIL 2	2 1988	D0	LLAR IND				
Figures in parentheses show number of stocks	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency index	1988 High	1988 Low	Year ago (approx)			
per grouping	120 16	+0.0	95.01	105.72	4.11	120.18	94,28	105.72	122.31	91.16	132.74			
Australia (89)	91.71	+0.0	72.52	79.86	2.62	91.68	71.92	79.58	98.18	84.35	93.72			
Austria (16)	125.83	-0.1	99.50	109.39	4.56	125.92	98.77	109.15	139.89	99,14	122.14 123.72			
Belglum (65)	123.57	+0.4	97.71	110.20	3.01	123.12	96,58	109.93	125.49	107.06	114.40			
Canada (126)	119.50	-0.4	94,49	104.83	2.75	119.96	94.10	104.83	123.36	111.42	1 774.40			
Denmark (39)	126.04	l -0.5	99.66	105.70	1.99	126.62	99,33	105.87	127.89	106.78	l ==			
Finland (25)	87.42	1.6	69.13	78.10	4.33	88.86	69.70	79.10	88.86	72.77	119.59 92.29			
France (121)	77.37	-0.4	61.18	67.48	2.72	77.68	60.93	67.50	80.79	67.78	104.21			
West Germany (99)	103.39	+0.7	81.75	103.73	4.39	102.70	80.56	102.99	105.83	84.90	121.19			
Hang Kong (46)		-0.3	95.11	106.46	4.17	120,68	94.66	106.51	123.91	104.60	110.80			
Ireland (18)		-03	60.29	70.98	2.64	76.48	59.99	70.98	81.74	62.99				
italy (102)		+1.1	137.43	137.11	0.52	171.88	134.83	135.43	177 <i>.</i> 27	133.61	151.9			
Japan (457)	129.13	8.0-	102.10	127.91	2.83	130.18	102.12	128.83	130.18	107.83	154.92			
Malaysia (36)		-3.1	107.01	337.35	1.05	139.59	109,50	347.98	176.90	90.07	173.72			
Mexico (14)	108.10	-0.2	85.48	92.83	4.98	108.33	84.98	92,71	110.66	95.23	113.1			
Netherland (38)		-0.5	61.56	61.52	5.33	78.25	61.38	61.52	79.15	64.42	95.40			
New Zealand (22)			99.88	106.00	2.79	125.83	98.70	105.25	129.29	98.55	136.4			
Norway (25)	126.31	+0.4				109.63	86.00	101.19	114.93	97.99	127.00			
Supparare (26)	110.20	+0.5	87.14	101.80	2.45		97.92	78,19	139.07	118.16	178.6			
South Africa (60)	1 124.15	j - 0.5	98.17	78.21	5.35	124.83		127.03	155.36	130.73	114.3			
Spain (42)	152.07	+0.3	120.24	127.76	3.33	151.67	118.98	103.87	124.75	96,92	122.3			
Sweden (38)	120.30	+0.6	95.12	104.76	2.69	119.58	93.80	68.09	86.75	76.22	98.5			
Switzerland (56)	78.83	L ~0.8	62.33	67.86	2.51	79.44	62.32		141.18	123.09	133.9			
United Kingdom (330)	138.25	-0.6	109.31	109.31	4.36	139.09	109.11	109.11		99.19	115.6			
IJSA (583)	106.71	+0.8	84,37	106.71	3.59	105.82	83.01	105.82	110.51	77.17				
			85.82	90.82	3.04	109.13	85.60	90.81	110.71	97.01	116.8			
Europe (1014)	108.53	-0.5			3.86		131.09	132.88	172.26	130.81	149.5			
Pacific Basin (676)	168.71	+1.1	133.56	134.46	0.70	167.12	112.91	116.17	147.53	120.36	136.5			
Euro-Pacific (1690)	144.77	+0.6	114.47	117.14	1.66	143,93			111.28	99.78	116.0			
North America (709)	107.61	+0.8	85.09	106.93	3.55	106.74	83.73	106.08		80.27	106.3			
Europe Ex. UK (684)		I -0.5	71.26	79.21	3.40	90.56	71.04	79.33	92.81	87.51	119.3			
Pacific Ex. Japan (219)		+0.2	86.84	100.48	4.16	109.63	86.00	190.24	111.82		136.5			
Nacific CX Japan Jee 77		+0.6	113.72	116.60	1.73	143.03	112.19	115.67	146.49	120.26	127.8			
World Ex. US (1890)		+0.8	101.73	113.59	2.10	127.66	100.14	112.60	130.28	111.77				
World Ex. UK (2143)	129 53	+0.7	102.42	113.43	2.29	128.69	100.95	112.50	130.96	113.26	128.0			
World Ex. So. Af. (2413)		+0.3	85.57	100.78	3.71	107.92	84.66	100.30	110.99	100.00	117.1			
World Ex Japan (2016)	108.22	<u> </u>	1						100.00	1122	128.3			
(2072)	120 50	+0.6	102.39	113.17	2.31	128.66	100.93	112.26	130.92	113.37	120.5			

Base values Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US 5 Index), 90.791 (Pound Sterling) and 94.94 (Local).
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Australian New Zealand and Italian markets closed April 25.
Dunnin prites were enavailable for this edition.